

File No. 230204

Committee Item No. 5

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date May 3, 2023

Board of Supervisors Meeting Date _____

Cmte Board

- Resolution
- Budget and Legislative Analyst Report
- Department/Agency Cover Letter and/or Report
- Contract/Agreement
- Forms 126 – Ethics Commission, 29 Lessees

OTHER (Use back side if additional space is needed)

- DRAFT Lease and Use Agrmt - ABX Air 23-0019 - [LINK](#)
- DRAFT Lease and Use Agrmt - Aerovias de Mexico 23-0020 - [LINK](#)
- DRAFT Lease and Use Agrmt - Air China 23-0021 - [LINK](#)
- DRAFT Lease and Use Agrmt - Air India 23-0022 - [LINK](#)
- DRAFT Lease and Use Agrmt - Air New Zealand 23-0023 - [LINK](#)
- DRAFT Lease and Use Agrmt - Air Transport 23-0024 - [LINK](#)
- DRAFT Lease and Use Agrmt - Alaska 23-0025 - [LINK](#)
- DRAFT Lease and Use Agrmt - All Nippon 23-0026 - [LINK](#)
- DRAFT Lease and Use Agrmt - Asiana 23-0027 - [LINK](#)
- DRAFT Lease and Use Agrmt - China Eastern 23-0028 - [LINK](#)
- DRAFT Lease and Use Agrmt - Condor 23-0029 - [LINK](#)
- DRAFT Lease and Use Agrmt - Delta 23-0030 - [LINK](#)
- DRAFT Lease and Use Agrmt - Deutsche 23-0031 - [LINK](#)
- DRAFT Lease and Use Agrmt - Emirates 23-0032 - [LINK](#)
- DRAFT Lease and Use Agrmt - EVA 23-0033 - [LINK](#)
- DRAFT Lease and Use Agrmt - FedEx 23-0034 - [LINK](#)
- DRAFT Lease and Use Agrmt - Japan 23-0035 - [LINK](#)
- DRAFT Lease and Use Agrmt - Kalitta 23-0036 - [LINK](#)
- DRAFT Lease and Use Agrmt - KLM 23-0037 - [LINK](#)
- DRAFT Lease and Use Agrmt - Korean 23-0038 - [LINK](#)
- DRAFT Lease and Use Agrmt - Nippon Cargo 23-0039 - [LINK](#)
- DRAFT Lease and Use Agrmt - Scandinavian 23-0040 - [LINK](#)
- DRAFT Lease and Use Agrmt - Singapore 23-0041 - [LINK](#)
- DRAFT Lease and Use Agrmt - Air France 23-0042 - [LINK](#)
- DRAFT Lease and Use Agrmt - Southwest 23-0043 - [LINK](#)
- DRAFT Lease and Use Agrmt - Sun Country 23-0044 - [LINK](#)
- DRAFT Lease and Use Agrmt - Turkish 23-0045 - [LINK](#)
- DRAFT Lease and Use Agrmt - United 23-0046 - [LINK](#)
- DRAFT Lease and Use Agrmt - Virgin 23-0047 - [LINK](#)
- Airport Commission Memo - Resolution Nos. 23-0019 through
23-0047 – February 7, 2023
- CEQA Determination – October 6, 2022
- AIR Presentation - May 3, 2023

Completed by: Brent Jalipa Date April 27, 2023

Completed by: Brent Jalipa Date _____

1 [Airline and Airport 2023 Lease and Use Agreement]

2

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 29 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

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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 Nos.
14 23-0019 through 23-0047 awarding a 2023 Lease to 29 airlines (each a “Signatory Airline”
15 and collectively, “Signatory Airlines”); and

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

18 WHEREAS, A copy of the 2023 Lease with each of the Signatory Airlines is on file with
19 the Clerk of the Board of Supervisors in File No. 230204, which is hereby declared to be part
20 of this Resolution as if set forth fully herein; and

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

24 WHEREAS, Said determination is on file with the Clerk of the Board of Supervisors in
25 File No. 230204 and is incorporated herein by reference; now, therefore, be it

1 RESOLVED, That this Board of Supervisors affirms this determination; and, be it
2 FURTHER RESOLVED, That, subject to the express condition set forth in the
3 immediately following Resolved clause, this Board of Supervisors approves the award of the
4 2023 Lease with ABX Air, Inc. – Lease No. 23-0019; Aerovías de México S.A. de C.V. dba
5 Aeroméxico – Lease No. 23-0020; Air China Limited – Lease No. 23-0021; Air India Limited –
6 Lease No. 23-0022; Air New Zealand Limited – Lease No. 23-0023; Air Transport
7 International, Inc. – Lease No. 23-0024; Alaska Airlines, Inc. – Lease No. 23-0025; All Nippon
8 Airways Co, Limited – Lease No. 23-0026; Asiana Airlines Inc. – Lease No. 23-0027; China
9 Eastern Airlines Co. Ltd – Lease No. 23-0028; Condor Flugdienst GMBH – Lease No. 23-
10 0029; Delta Air Lines, Inc. – Lease No. 23-0030; Deutsche Lufthansa AG dba Lufthansa
11 German Airlines – Lease No. 23-0031; Emirates – Lease No. 23-0032; EVA Airways
12 Corporation – Lease No. 23-0033; Federal Express Corporation – Lease No. 23-0034; Japan
13 Airlines Co., Ltd. – Lease No. 23-0035; Kalitta Air LLC – Lease No. 23-0036; Koninklijke
14 Luchtvaart Maatschappij N.V. dba KLM Royal Dutch Airlines – Lease No. 23-0037; Korean Air
15 Lines Co., Ltd – Lease No. 23-0038; Nippon Cargo Airlines, Inc. – Lease No. 23-0039;
16 Scandinavian Airlines of North America Inc dba Scandinavian Airlines SAS – Lease No. 23-
17 0040; Singapore Airlines Limited – Lease No. 23-0041; Societe Air France dba Air France –
18 Lease No. 23-0042; Southwest Airlines Co. – Lease No. 23-0043; Sun Country, Inc. – Lease
19 No. 23-0044; Turk Hava Yolları A.O. dba Turkish Airlines – Lease No. 23-0045; United
20 Airlines, Inc. – Lease No. 23-0046; and Virgin Atlantic Airways Limited – Lease No. 23-0047;
21 and, be it

22 FURTHER RESOLVED, That the foregoing approval of the 2023 Leases is expressly
23 conditioned on each Signatory’s full compliance with Chapter 12B no later than June 30,
24 2023, or obtaining the appropriate waivers thereto, to the extent such compliance is required
25 under Chapter 12B, and the Airport is directed to provide a report to the Board of Supervisors

1 no later than July 10, 2023, on the airlines that complied, those that did not comply, and those
2 that obtained a waiver; and, be it

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

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

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ATTACHMENT 1

	<u>AIRLINE</u>	<u>LEASE NO.</u>
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3	1. ABX Air, Inc.	23-0019
4	2. Aerovías de México S.A. de C.V. dba Aeroméxico	23-0020
5	3. Air China Limited	23-0021
6	4. Air India Limited	23-0022
7	5. Air New Zealand Limited	23-0023
8	6. Air Transport International, Inc.	23-0024
9	7. Alaska Airlines, Inc.	23-0025
10	8. All Nippon Airways Co, Limited	23-0026
11	9. Asiana Airlines Inc.	23-0027
12	10. China Eastern Airlines Co. Ltd	23-0028
13	11. Condor Flugdienst GMBH	23-0029
14	12. Delta Air Lines, Inc.	23-0030
15	13. Deutsche Lufthansa AG dba Lufthansa German Airlines	23-0031
16	14. Emirates	23-0032
17	15. EVA Airways Corporation	23-0033
18	16. Federal Express Corporation	23-0034
19	17. Japan Airlines Co., Ltd.	23-0035
20	18. Kalitta Air LLC	23-0036
21	19. Koninklijke Luchtvaart Maatschappij N.V. dba	
22	KLM Royal Dutch Airlines	23-0037
23	20. Korean Air Lines Co., Ltd	23-0038
24	21. Nippon Cargo Airlines, Inc.	23-0039
25		

1	<u>AIRLINE</u>	<u>LEASE NO.</u>
2	22. Scandinavian Airlines of North America Inc dba	
3	Scandinavian Airlines SAS	23-0040
4	23. Singapore Airlines Limited	23-0041
5	24. Societe Air France dba Air France	23-0042
6	25. Southwest Airlines Co.	23-0043
7	26. Sun Country, Inc.	23-0044
8	27. Turk Hava Yollaria A.O. dba Turkish Airlines	23-0045
9	28. United Airlines, Inc.	23-0046
10	29. Virgin Atlantic Airways Limited	23-0047
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Items 5 & 6 Files 23-0204 & 23-0342 <i>(Continued from 4/19/23 meeting)</i>	Department: Airport
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EXECUTIVE SUMMARY

Legislative Objectives

- **File 23-0204** is a resolution that would approve the 2023 Lease and Use agreement between the City and 29 airlines to conduct flight operations at the Airport for a 10-year term from July 1, 2023 through June 30, 2033.
- **File 23-0342** is a resolution that would approve the 2023 Lease and Use agreement between the City and an additional 11 airlines to conduct flight operations at the Airport for a 10-year term from July 1, 2023 through June 30, 2033.

Key Points

- According to Airport staff, there are currently 60 airlines operating at the Airport. Of the 60 airlines, 40 signatory airlines are under the Airport’s 2011 Lease and Use Agreement and 20 are “non-signatory airlines” operating under month-to-month Airline Operating Permits and Terminal Space and Use Permits. Non-signatory airlines pay a 25 percent premium on landing fees and a higher security deposit compared to signatory airlines.
- The original term of the 2011 Lease was July 1, 2011 through June 30, 2021, later extended to June 30, 2023 due to COVID.
- Rental rates, landing fees, and related fees are adjusted annually according to the Airport’s “residual rate setting methodology (breakeven policy)” such that the total amount of airline revenues received by the Airport together with non-airline revenues received by the Airport, including concession and parking revenues, is equal to total Airport costs, including debt service and operating costs.
- The proposed lease creates a new Operating Revenue and Capital Improvement Fund (ORCIF) totaling \$800 million over the 10-year term and increases annually to account for inflation, among other changes. According to the proposed lease, ORCIF funds “may be used for any lawful purpose for which Airport Revenues may be used.”

Fiscal Impact

- The proposed new lease and use agreement with the 40 signatory airlines are estimated by Airport staff to provide approximately \$6.1 billion in revenues to the Airport, over the 10-year lease term, including \$3.4 billion in airline rents and \$2.6 billion in landing fees.

Recommendation

- Approve the proposed resolutions.

MANDATE STATEMENT

Section 2A.173 of the City's Administrative Code authorizes the Airport to negotiate and execute leases of Airport lands and space in Airport buildings without undergoing a competitive bid process, as long as the original term of the lease does not exceed 50 years.

City Charter Section 9.118(a) states that contracts entered into by a department, board, or commission that (i) have anticipated revenues of \$1 million or more, or (ii) have anticipated revenues of \$1 million or more and require modifications, are subject to Board of Supervisors approval.

BACKGROUND**2011 Airport Lease & Use Agreement**

According to Airport staff, there are currently 60 airlines operating at the Airport. Of the 60 airlines, 40 signatory airlines are under the Airport's 2011 Lease and Use Agreement and 20 are "non-signatory airlines" operating under month-to-month Airline Operating Permits and Terminal Space and Use Permits. The airline lease and use agreement set the rate making methodology, legal and business terms for the operation of airlines at the airport, and gate allocation and operating procedures. Non-signatory airlines pay a 25 percent premium on landing fees and a higher security deposit compared to signatory airlines.

The original term of the 2011 Lease was July 1, 2011 through June 30, 2021. According to a February 7, 2023 memorandum from the Airport Director to the Airport Commission on the award of the 2023 Lease and Use Agreement (2023 Airport Lease Award Memo), airport staff and signatory airlines suspended negotiations of a new lease due to the impact of the COVID-19 pandemic on airport operations, and the Airport Commission approved a two-year extension of the term for the 2011 Lease for a new expiration date of June 30, 2023, which was approved by the Board of Supervisors in May 2021 (File 21-0335). The Airport and signatory airlines later resumed negotiations of a new lease and have agreed to the terms of the 2023 proposed lease.

Residual Rate Setting Methodology

The rent and landing fees, which are charged by the Airport to the airlines, are determined by the Airport's "residual rate setting methodology (breakeven policy)" set forth in the 2011 Lease. Under such methodology, the rental rates, landing fees, and related fees are adjusted annually such that the total amount of airline revenues received by the Airport together with non-airline revenues received by the Airport, including concession and parking revenues, is equal to total Airport costs, including debt service and operating costs.

According to Exhibit O of the 2023 proposed lease, each airline's terminal area rentals are calculated by multiplying the terminal area rental rate by the airline's leased terminal space (in square feet). Terminal area rental rates are based on net terminal area expenses and gross terminal space and vary according to five categories of terminal space (i.e., the rental rates for check-in counters are different than the rental rates for baggage claim lobbies). Landing fees are

calculated by multiplying net airfield area expenses by the airline's projected share of total landed weight (in thousands of pounds). In addition, each airline pays a surcharge (which is applied to both terminal area rentals and landing fees) to cover the expenses of public space in the terminal. The Pro Forma for FY 2023-24 from Exhibit O of the 2023 proposed lease showing the calculation of terminal area rentals, rental rate structure, and calculation of landing fees is provided in Attachment 1.

Airport Economic Recovery

According to traffic and non-airline revenue performance data presented to the Airport Commission on January 17, 2023, the number of enplaned passengers for both domestic and international air travel was 82 percent of 2019 levels in November 2022, and non-airline revenues were 104 percent of 2019 levels due to strong parking, ground transportation, and car rental revenues according to the meeting minutes. Although air traffic has not fully recovered, Airport staff report that airline revenues continue to be sufficient together with non-airline revenues to cover the Airport's costs due to the breakeven policy.

DETAILS OF PROPOSED LEGISLATION

File 23-0204 is a resolution that would approve the 2023 Lease and Use agreement between the City and 29 airlines to conduct flight operations at the Airport for a 10-year term from July 1, 2023 through June 30, 2033.

File 23-0342 is a resolution that would approve the 2023 Lease and Use agreement between the City and an additional 11 airlines to conduct flight operations at the Airport for a 10-year term from July 1, 2023 through June 30, 2033.

The proposed resolutions would also affirm the Planning Department's determination under the California Environmental Quality Act and authorize the Airport Director to enter into immaterial modifications to the lease.

Signatory Airlines

All signatory airlines execute the same form of the lease with slight differences reflecting the specific airline's allocation of space. To date, the Airport Commission has awarded the proposed 2023 lease to 40 airlines. The Airport Commission awarded the proposed 2023 lease to the following 29 signatory airlines on February 7, 2023:

- | | |
|---------------------------------------------------------|------------------------------------------------------------------------------|
| 1. ABX Air, Inc. | 16. Federal Express Corporation |
| 2. Aerovias de Mexico S.A. de C.V. dba Aeromexico | 17. Japan Airlines Co., Ltd. |
| 3. Air China Limited | 18. Kalitta Air LLC |
| 4. Air India Limited | 19. Koninklijke Luchtvaart Maatschappij N. V. dba KLM Royal Dutch Airlines |
| 5. Air New Zealand Limited | 20. Korean Air Lines Co., Ltd |
| 6. Air Transport International, Inc. | 21. Nippon Cargo Airlines, Inc. |
| 7. Alaska Airlines, Inc. | 22. Scandinavian Airlines of North America Inc dba Scandinavian Airlines SAS |
| 8. All Nippon Airways Co, Limited | 23. Singapore Airlines Limited |
| 9. Asiana Airlines Inc. | 24. Societe Air France dba Air France |
| 10. China Eastern Airlines Co. Ltd | 25. Southwest Airlines Co. |
| 11. Condor Flugdienst GMBH | 26. Sun Country, Inc. |
| 12. Delta Air Lines, Inc. | 27. Turk Hava Yolları A.O. dba Turkish Airlines |
| 13. Deutsche Lufthansa AG dba Lufthansa German Airlines | 28. United Airlines, Inc. |
| 14. Emirates | 29. Virgin Atlantic Airways Limited |
| 15. EVA Airways Corporation | |

In addition, the Airport Commission awarded the proposed 2023 lease to the following 11 airlines on March 21, 2023:

- | | |
|---------------------------------------------|----------------------------------------------------------|
| 30. Air Canada | 36. Frontier Airlines, Inc. |
| 31. American Airlines, Inc. | 37. Philippine Airlines, Inc. |
| 32. British Airways, PLC | 38. Swiss International Air Lines, Ltd. |
| 33. Cathay Pacific Airways, Ltd. | 39. TACA International Airlines, S.A. (TACA dba Avianca) |
| 34. China Airlines, Ltd. | 40. WestJet |
| 35. China Southern Airlines Company Limited | |

File 23-0204 would approve leases between the City and airlines one through 29 above, and File 23-0342 would approve leases between the City and airlines 30 through 40. According to the 2023 Airport Lease Award Memo, the proposed 2023 lease has been offered to all airlines operating at the Airport and will continue to be offered to all other airlines, including new entrants, through the remainder of its term.¹

Key Lease Terms

Key lease terms are summarized in Exhibit 1 below, based on the 2023 Airport Lease Award Memo.

¹ According to Airport staff, there were fewer signatory airlines initially under the proposed lease (29) compared to the existing lease (40) because some airlines could not get the necessary corporate approval within the timeframe or may elect not to sign the 2023 lease.

Exhibit 1: Proposed 2023 Airport Lease and Use Agreement Terms

Term	July 1, 2023 through June 30, 2033 (10 years)
Rate-Making Methodology	Existing residual rate setting methodology (described above) is maintained. Signatory airlines pay terminal area rentals, landing fees, and other usage fees, which are adjusted annually by the Commission to ensure that total airline and non-airline revenues are equal to total airport costs, including debt service.
Annual Service Payment	Existing Airport Annual Service Payment to the City's General Fund is maintained at the greater of \$5 million or 15% of Airport concession revenues.
Operating Reserve and Capital Improvement Fund	Establishes an operating reserve and capital improvement fund totaling \$800 million over the 10-year term and adjusted annually for inflation.
Shared Use Equipment	Expands rights of the Airport Commission to install shared use equipment throughout the Airport, including in exclusive use spaces of airlines, to enhance operational efficiency.
Preferential Use Gate Allocation	Expands review period of airline seat capacity to allocate preferential use gates to encourage consistent use of preferential use gates throughout the year.
Gate Accommodations	Enhances rights of the City to accommodate flights at preferential use gates of signatory airlines to maximize the use of a gate and capacity and efficiency of the Airport.
Sustainable Aviation Fuel Working Group	Establishes a Sustainable Aviation Fuel Working Group of Airport staff and signatory airlines that would determine how the parties can cooperate to increase the uptake of sustainable aviation fuel at the Airport. The working group will be chaired by the Airport Director.
Ground Service Equipment Electrification	Establishes a mutual goal to achieve 100% electric-powered ground service equipment at the Airport.
Airline Relocation Costs	Clarifies financial liability for airline relocations. If an airline initiates its relocation within the Airport, that airline is financially responsible for the move and for any required secondary relocations of other airlines. If the Airport initiates relocation of an airline, the Airport is financially responsible, subject to rate recovery under the lease.
Digital Information Working Group	Establishes a Digital Information Working Group chaired by the Airport Director and consisting of Airport staff and signatory airlines that will identify data on airport infrastructure and airline operations that could be exchanged to enhance Airport operations and improve the experience of Airport guests.
Commercialization of Digital Assets	Acknowledgement that the Airport has the sole and exclusive right to control, manage, and utilize all Airport Proprietary Content.

Source: 2023 Airport Lease Award Memo

Operating Revenue and Capital Improvement Fund

As shown in Exhibit 1 above, the proposed lease creates a new Operating Revenue and Capital Improvement Fund (ORCIF) totaling \$800 million over the 10-year term and increases annually to account for inflation. According to the proposed lease, ORCIF funds “may be used for any lawful purpose for which Airport Revenues may be used.” Expenditures on capital improvements from the fund are subject to the lease’s review process for capital improvements. The proposed lease establishes a minimum and a maximum annual ORCIF deposit for each year and states that no deposit shall be made to the fund in any year when the unencumbered and unallocated balance of the fund exceeds \$650 million. Deposits to the fund will be funded by airline revenues.

FISCAL IMPACT

As shown in Exhibit 2 below, the proposed new lease and use agreement with the 40 signatory airlines are estimated by the Airport to provide approximately \$6.1 billion in revenues to the Airport, over the 10-year lease term.² In FY 2023-24, total airline rents are budgeted at \$371.5 million, of which \$283.1 million is provided by the Lease and Use Agreement for the 40 airlines, with the remaining \$88.4 million in rental revenues coming from non-signatory airlines. Total landing fees are budgeted at \$300.4 million in FY 2023-24, of which \$217.4 million is provided by the Lease and Use Agreement, with the remaining \$83.0 million in landing fees coming from non-signatory airlines.

Exhibit 2: Estimated Total Annual Lease Revenues

Fiscal Year	Terminal Area Rental Revenue	Landing Fees	Total Lease Revenue	Annual Percent Change
FY 2023-24	\$283,070,971	\$217,443,856	\$500,514,827	
FY 2024-25	297,856,096	230,664,442	528,520,538	6%
FY 2025-26	312,526,623	242,336,064	554,862,687	5%
FY 2026-27	327,807,755	252,126,441	579,934,196	5%
FY 2027-28	339,703,578	262,312,349	602,015,927	4%
FY 2028-29	349,946,602	270,234,181	620,180,784	3%
FY 2029-30	360,455,258	278,395,254	638,850,513	3%
FY 2030-31	371,279,173	286,802,790	658,081,963	3%
FY 2031-32	382,427,805	295,464,235	677,892,040	3%
FY 2032-33	393,910,897	304,387,256	698,298,154	3%
Total	\$3,418,984,758	\$2,640,166,870	\$6,059,151,628	

Source: Airport

² File 23-0204 would generate an estimated \$5.1 billion in revenues over the 10-year term from 29 signatory airlines, and File 23-0342 would generate an estimated \$1.0 billion in revenues over the 10-year term from 11 additional signatory airlines.

The estimated revenue is based on: (a) projected terminal use and landed weight of the 40 airlines through FY 2027-28; (b) proforma terminal area rental rates from the proposed lease, increased annually by three percent per year; and (c) proforma landing fee rates from the proposed lease, increased annually by two percent per year.

As discussed above, the revenues generated by the proposed leases are calculated by the Airport's residual rate setting methodology (breakeven policy), such that the proposed new leases would continue to result in the Airport's budget being fully balanced by the revenues paid by the airlines to the Airport after considering the Airport's budgeted expenditures and all non-airline revenues. Changes to Airport expenses, including debt service, and non-airline revenues will result in changes in airline revenues.

RECOMMENDATION

Approve the proposed resolutions.

Attachment 1: FY 2023-24 Pro Forma for Terminal Rentals and Landing Fees from Exhibit O of Proposed ABX Air, Inc. Lease

<u>Attachment 3</u>	
CALCULATION OF TERMINAL AREA RENTALS AND RENTAL SURCHARGE	
(BASIC RENTAL ADJUSTMENT)	
SAN FRANCISCO INTERNATIONAL AIRPORT	
Fiscal Year 2023/24	
(dollars in thousands, except for rates)	
	<u>Pro Forma 2024</u>
<u>Terminal Area Expenses</u>	
Operation and Maintenance Expenses	\$ 390,267
Debt Service	453,436
Small Capital Outlays	2,699
Equipment	1,185
Annual Service Payment	45,773
Annual ORCIF Deposit	196,844
Deferred Aviation Revenue	(196,844)
	<u>\$ 893,360</u>
+ 'Gross Terminal Space (square feet)	5,916
= Basic Rate	<u>\$151.02</u>
x Airline Leased Space (square feet)	1,742
= Basic Rentals	[A] \$ 263,048
<u>Rental Surcharge (Basic Rental Adjustment)</u>	
Basic Rate	\$151.02
x Public Space	4,174
= Cost of Public Space	<u>\$630,312</u>
- Non-airline revenues	(175,077)
- PFCs Classified as Revenues	(150,000)
+ Net Expense - GT and Parking Area	-
Rental Surcharge	<u>\$ 305,236</u>
<u>Allocation of Rental Surcharge (Basic Rental Adjustment)</u>	
Terminal Area Rental Surcharge	[B] \$ 152,618
Landing Fee Surcharge	152,618
	<u>305,236</u>
<u>Terminal Area Rentals</u>	
Basic Rentals	[A] \$ 263,048
Terminal Area Rental Surcharge	[B] 152,618
	<u>\$ 415,666</u>
<u>Effective Average Rental Rate</u>	
Basic Rate	\$151.02
Rental Surcharge Rate	87.62
	<u>\$238.63</u>

Note: Amounts may not add due to rounding.

Attachment 4

DERIVATION OF REQUIRED AIRLINE RENTAL RATE STRUCTURE

SAN FRANCISCO INTERNATIONAL AIRPORT

Fiscal Year 2023/24

(dollars in thousands, except for rates)

	Pro Forma 2024
Airline Leased Space (square feet)	
Category I	321
Category II	552
Category III	195
Category IV	633
Category V	40
	1,742
	Relative value
Equivalent Category I (square feet)	
Category I	1.00 321
Category II	0.75 414
Category III	0.50 98
Category IV	0.25 158
Category V	0.10 4
	995
Required Category I	
Terminal Area Rentals	\$ 415,666
Divided by Equivalent Category I space (square feet)	995
Required Category I Rate (per square foot)	\$417.58

Terminal Rental Rates	Relative value	
Category I	1.00	\$417.58
Category II	0.75	313.19
Category III	0.50	208.79
Category IV	0.25	104.40
Category V	0.10	41.76

Note: Amounts may not add due to rounding.

Attachment 5

CALCULATION OF LANDING FEES AND LANDING FEE RATE

SAN FRANCISCO INTERNATIONAL AIRPORT

Fiscal Year 2023/24

(dollars in thousands, except for rates)

	<u>Pro Forma 2024</u>
<u>BASIC LANDING FEES</u>	
Operation and Maintenance Expenses	\$105,388
Debt Service	43,403
Small Capital Outlays	460
Equipment	671
Annual ORCIF Deposit	53,156
	<u>\$203,077</u>
Non-airline revenues	(4,616)
PFCs Classified as Revenues	(1,000)
Deferred Aviation Revenue deficit (surplus)	(53,156)
Net expense (revenue) - Other Leased Areas	3,115
Net expense (revenue) - West of Bayshore Area	2,471
	<u>\$149,891</u>
Airfield Area Net Expense	\$149,891
+ Composite landed weight forecast (in 1,000 lbs units)	36,050
	<u>\$4.16</u>
<u>LANDING FEE SURCHARGE</u>	
Landing Fee Surcharge	\$ 152,618
Net revenue - GT and Parking Area	(52,048)
	<u>\$ 100,570</u>
+ Composite landed weight forecast (in 1,000 lbs units)	36,050
	<u>\$2.79</u>

Landing Fees	
Basic Landing Fees	\$ 149,891
Landing Fee Surcharge	100,570
	<u>\$ 250,461</u>
Landing Fee Rate	
Basic Rate	\$4.16
Surcharge Rate	2.79
	<u>\$6.95</u>

Note: Amounts may not add due to rounding.

Items 9 & 10 Files 23-0204 & 23-0342	Department: Airport
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • File 23-0204 is a resolution that would approve the 2023 Lease and Use agreement between the City and 29 airlines to conduct flight operations at the Airport for a 10-year term from July 1, 2023 through June 30, 2033. • File 23-0342 is a resolution that would approve the 2023 Lease and Use agreement between the City and an additional 11 airlines to conduct flight operations at the Airport for a 10-year term from July 1, 2023 through June 30, 2033. <p>Key Points</p> <ul style="list-style-type: none"> • According to Airport staff, there are currently 60 airlines operating at the Airport. Of the 60 airlines, 40 signatory airlines are under the Airport’s 2011 Lease and Use Agreement and 20 are “non-signatory airlines” operating under month-to-month Airline Operating Permits and Terminal Space and Use Permits. Non-signatory airlines pay a 25 percent premium on landing fees and a higher security deposit compared to signatory airlines. • The original term of the 2011 Lease was July 1, 2011 through June 30, 2021. Airport staff and signatory airlines suspended negotiations of a new lease due to the impact of the COVID-19 pandemic on airport operations, and the Board of Supervisors approved a two-year extension of the term for the 2011 Lease to a new expiration date of June 30, 2023. • Rental rates, landing fees, and related fees are adjusted annually according to the Airport’s “residual rate setting methodology (breakeven policy)” such that the total amount of airline revenues received by the Airport together with non-airline revenues received by the Airport, including concession and parking revenues, is equal to total Airport costs, including debt service and operating costs. • The proposed lease creates a new Operating Revenue and Capital Improvement Fund (ORCIF) totaling \$800 million over the 10-year term and increases annually to account for inflation, among other changes. According to the proposed lease, ORCIF funds “may be used for any lawful purpose for which Airport Revenues may be used.” <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed new lease and use agreement with the 40 signatory airlines are estimated by Airport staff to provide approximately \$6.1 billion in revenues to the Airport, over the 10-year lease term, including \$3.4 billion in airline rents and \$2.6 billion in landing fees. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolutions. 	

MANDATE STATEMENT

Section 2A.173 of the City’s Administrative Code authorizes the Airport to negotiate and execute leases of Airport lands and space in Airport buildings without undergoing a competitive bid process, as long as the original term of the lease does not exceed 50 years.

City Charter Section 9.118(a) states that contracts entered into by a department, board, or commission that (i) have anticipated revenues of \$1 million or more, or (ii) have anticipated revenues of \$1 million or more and require modifications, are subject to Board of Supervisors approval.

BACKGROUND

2011 Airport Lease & Use Agreement

According to Airport staff, there are currently 60 airlines operating at the Airport. Of the 60 airlines, 40 signatory airlines are under the Airport’s 2011 Lease and Use Agreement and 20 are “non-signatory airlines” operating under month-to-month Airline Operating Permits and Terminal Space and Use Permits. The airline lease and use agreement set the rate making methodology, legal and business terms for the operation of airlines at the airport, and gate allocation and operating procedures. Non-signatory airlines pay a 25 percent premium on landing fees and a higher security deposit compared to signatory airlines.

The original term of the 2011 Lease was July 1, 2011 through June 30, 2021. According to a February 7, 2023 memorandum from the Airport Director to the Airport Commission on the award of the 2023 Lease and Use Agreement (2023 Airport Lease Award Memo), airport staff and signatory airlines suspended negotiations of a new lease due to the impact of the COVID-19 pandemic on airport operations, and the Airport Commission approved a two-year extension of the term for the 2011 Lease for a new expiration date of June 30, 2023, which was approved by the Board of Supervisors in May 2021 (File 21-0335). The Airport and signatory airlines later resumed negotiations of a new lease and have agreed to the terms of the 2023 proposed lease.

Residual Rate Setting Methodology

The rent and landing fees, which are charged by the Airport to the airlines, are determined by the Airport’s “residual rate setting methodology (breakeven policy)” set forth in the 2011 Lease. Under such methodology, the rental rates, landing fees, and related fees are adjusted annually such that the total amount of airline revenues received by the Airport together with non-airline revenues received by the Airport, including concession and parking revenues, is equal to total Airport costs, including debt service and operating costs.

According to Exhibit O of the 2023 proposed lease, each airline’s terminal area rentals are calculated by multiplying the terminal area rental rate by the airline’s leased terminal space (in square feet). Terminal area rental rates are based on net terminal area expenses and gross terminal space and vary according to five categories of terminal space (i.e., the rental rates for check-in counters are different than the rental rates for baggage claim lobbies). Landing fees are

calculated by multiplying net airfield area expenses by the airline's projected share of total landed weight (in thousands of pounds). In addition, each airline pays a surcharge (which is applied to both terminal area rentals and landing fees) to cover the expenses of public space in the terminal. The Pro Forma for FY 2023-24 from Exhibit O of the 2023 proposed lease showing the calculation of terminal area rentals, rental rate structure, and calculation of landing fees is provided in Attachment 1.

Airport Economic Recovery

According to traffic and non-airline revenue performance data presented to the Airport Commission on January 17, 2023, the number of enplaned passengers for both domestic and international air travel was 82 percent of 2019 levels in November 2022, and non-airline revenues were 104 percent of 2019 levels due to strong parking, ground transportation, and car rental revenues according to the meeting minutes. Although air traffic has not fully recovered, Airport staff report that airline revenues continue to be sufficient together with non-airline revenues to cover the Airport's costs due to the breakeven policy.

DETAILS OF PROPOSED LEGISLATION

File 23-0204 is a resolution that would approve the 2023 Lease and Use agreement between the City and 29 airlines to conduct flight operations at the Airport for a 10-year term from July 1, 2023 through June 30, 2033.

File 23-0342 is a resolution that would approve the 2023 Lease and Use agreement between the City and an additional 11 airlines to conduct flight operations at the Airport for a 10-year term from July 1, 2023 through June 30, 2033.

The proposed resolutions would also affirm the Planning Department's determination under the California Environmental Quality Act and authorize the Airport Director to enter into immaterial modifications to the lease.

Signatory Airlines

All signatory airlines execute the same form of the lease with slight differences reflecting the specific airline's allocation of space. To date, the Airport Commission has awarded the proposed 2023 lease to 40 airlines. The Airport Commission awarded the proposed 2023 lease to the following 29 signatory airlines on February 7, 2023:

- | | |
|---------------------------------------------------------|------------------------------------------------------------------------------|
| 1. ABX Air, Inc. | 16. Federal Express Corporation |
| 2. Aerovias de Mexico S.A. de C.V. dba Aeromexico | 17. Japan Airlines Co., Ltd. |
| 3. Air China Limited | 18. Kalitta Air LLC |
| 4. Air India Limited | 19. Koninklijke Luchtvaart Maatschappij N. V. dba KLM Royal Dutch Airlines |
| 5. Air New Zealand Limited | 20. Korean Air Lines Co., Ltd |
| 6. Air Transport International, Inc. | 21. Nippon Cargo Airlines, Inc. |
| 7. Alaska Airlines, Inc. | 22. Scandinavian Airlines of North America Inc dba Scandinavian Airlines SAS |
| 8. All Nippon Airways Co, Limited | 23. Singapore Airlines Limited |
| 9. Asiana Airlines Inc. | 24. Societe Air France dba Air France |
| 10. China Eastern Airlines Co. Ltd | 25. Southwest Airlines Co. |
| 11. Condor Flugdienst GMBH | 26. Sun Country, Inc. |
| 12. Delta Air Lines, Inc. | 27. Turk Hava Yollarina A.O. dba Turkish Airlines |
| 13. Deutsche Lufthansa AG dba Lufthansa German Airlines | 28. United Airlines, Inc. |
| 14. Emirates | 29. Virgin Atlantic Airways Limited |
| 15. EVA Airways Corporation | |

In addition, the Airport Commission awarded the proposed 2023 lease to the following 11 airlines on March 21, 2023:

- | | |
|---------------------------------------------|----------------------------------------------------------|
| 30. Air Canada | 36. Frontier Airlines, Inc. |
| 31. American Airlines, Inc. | 37. Philippine Airlines, Inc. |
| 32. British Airways, PLC | 38. Swiss International Air Lines, Ltd. |
| 33. Cathay Pacific Airways, Ltd. | 39. TACA International Airlines, S.A. (TACA dba Avianca) |
| 34. China Airlines, Ltd. | 40. WestJet |
| 35. China Southern Airlines Company Limited | |

File 23-0204 would approve leases between the City and airlines one through 29 above, and File 23-0342 would approve leases between the City and airlines 30 through 40. According to the 2023 Airport Lease Award Memo, the proposed 2023 lease has been offered to all airlines operating at the Airport and will continue to be offered to all other airlines, including new entrants, through the remainder of its term.¹

Key Lease Terms

Key lease terms are summarized in Exhibit 1 below, based on the 2023 Airport Lease Award Memo.

¹ According to Airport staff, there were fewer signatory airlines initially under the proposed lease (29) compared to the existing lease (40) because some airlines could not get the necessary corporate approval within the timeframe or may elect not to sign the 2023 lease.

Exhibit 1: Proposed 2023 Airport Lease and Use Agreement Terms

Term	July 1, 2023 through June 30, 2033 (10 years)
Rate-Making Methodology	Existing residual rate setting methodology (described above) is maintained. Signatory airlines pay terminal area rentals, landing fees, and other usage fees, which are adjusted annually by the Commission to ensure that total airline and non-airline revenues are equal to total airport costs, including debt service.
Annual Service Payment	Existing Airport Annual Service Payment to the City's General Fund is maintained at the greater of \$5 million or 15% of Airport concession revenues.
Operating Reserve and Capital Improvement Fund	Establishes an operating reserve and capital improvement fund totaling \$800 million over the 10-year term and adjusted annually for inflation.
Shared Use Equipment	Expands rights of the Airport Commission to install shared use equipment throughout the Airport, including in exclusive use spaces of airlines, to enhance operational efficiency.
Preferential Use Gate Allocation	Expands review period of airline seat capacity to allocate preferential use gates to encourage consistent use of preferential use gates throughout the year.
Gate Accommodations	Enhances rights of the City to accommodate flights at preferential use gates of signatory airlines to maximize the use of a gate and capacity and efficiency of the Airport.
Sustainable Aviation Fuel Working Group	Establishes a Sustainable Aviation Fuel Working Group of Airport staff and signatory airlines that would determine how the parties can cooperate to increase the uptake of sustainable aviation fuel at the Airport. The working group will be chaired by the Airport Director.
Ground Service Equipment Electrification	Establishes a mutual goal to achieve 100% electric-powered ground service equipment at the Airport.
Airline Relocation Costs	Clarifies financial liability for airline relocations. If an airline initiates its relocation within the Airport, that airline is financially responsible for the move and for any required secondary relocations of other airlines. If the Airport initiates relocation of an airline, the Airport is financially responsible, subject to rate recovery under the lease.
Digital Information Working Group	Establishes a Digital Information Working Group chaired by the Airport Director and consisting of Airport staff and signatory airlines that will identify data on airport infrastructure and airline operations that could be exchanged to enhance Airport operations and improve the experience of Airport guests.
Commercialization of Digital Assets	Acknowledgement that the Airport has the sole and exclusive right to control, manage, and utilize all Airport Proprietary Content.

Source: 2023 Airport Lease Award Memo

Operating Revenue and Capital Improvement Fund

As shown in Exhibit 1 above, the proposed lease creates a new Operating Revenue and Capital Improvement Fund (ORCIF) totaling \$800 million over the 10-year term and increases annually to account for inflation. According to the proposed lease, ORCIF funds “may be used for any lawful purpose for which Airport Revenues may be used.” Expenditures on capital improvements from the fund are subject to the lease’s review process for capital improvements. The proposed lease establishes a minimum and a maximum annual ORCIF deposit for each year and states that no deposit shall be made to the fund in any year when the unencumbered and unallocated balance of the fund exceeds \$650 million. Deposits to the fund will be funded by airline revenues.

FISCAL IMPACT

As shown in Exhibit 2 below, the proposed new lease and use agreement with the 40 signatory airlines are estimated by the Airport to provide approximately \$6.1 billion in revenues to the Airport, over the 10-year lease term.² In FY 2023-24, total airline rents are budgeted at \$371.5 million, of which \$283.1 million is provided by the Lease and Use Agreement for the 40 airlines, with the remaining \$88.4 million in rental revenues coming from non-signatory airlines. Total landing fees are budgeted at \$300.4 million in FY 2023-24, of which \$217.4 million is provided by the Lease and Use Agreement, with the remaining \$83.0 million in landing fees coming from non-signatory airlines.

Exhibit 2: Estimated Total Annual Lease Revenues

Fiscal Year	Terminal Area Rental Revenue	Landing Fees	Total Lease Revenue	Annual Percent Change
FY 2023-24	\$283,070,971	\$217,443,856	\$500,514,827	
FY 2024-25	297,856,096	230,664,442	528,520,538	6%
FY 2025-26	312,526,623	242,336,064	554,862,687	5%
FY 2026-27	327,807,755	252,126,441	579,934,196	5%
FY 2027-28	339,703,578	262,312,349	602,015,927	4%
FY 2028-29	349,946,602	270,234,181	620,180,784	3%
FY 2029-30	360,455,258	278,395,254	638,850,513	3%
FY 2030-31	371,279,173	286,802,790	658,081,963	3%
FY 2031-32	382,427,805	295,464,235	677,892,040	3%
FY 2032-33	393,910,897	304,387,256	698,298,154	3%
Total	\$3,418,984,758	\$2,640,166,870	\$6,059,151,628	

Source: Airport

² File 23-0204 would generate an estimated \$5.1 billion in revenues over the 10-year term from 29 signatory airlines, and File 23-0342 would generate an estimated \$1.0 billion in revenues over the 10-year term from 11 additional signatory airlines.

The estimated revenue is based on: (a) projected terminal use and landed weight of the 40 airlines through FY 2027-28; (b) proforma terminal area rental rates from the proposed lease, increased annually by three percent per year; and (c) proforma landing fee rates from the proposed lease, increased annually by two percent per year.

As discussed above, the revenues generated by the proposed leases are calculated by the Airport's residual rate setting methodology (breakeven policy), such that the proposed new leases would continue to result in the Airport's budget being fully balanced by the revenues paid by the airlines to the Airport after considering the Airport's budgeted expenditures and all non-airline revenues. Changes to Airport expenses, including debt service, and non-airline revenues will result in changes in airline revenues.

RECOMMENDATION

Approve the proposed resolutions.

Attachment 1: FY 2023-24 Pro Forma for Terminal Rentals and Landing Fees from Exhibit O of Proposed ABX Air, Inc. Lease

<u>Attachment 3</u>	
CALCULATION OF TERMINAL AREA RENTALS AND RENTAL SURCHARGE	
(BASIC RENTAL ADJUSTMENT)	
SAN FRANCISCO INTERNATIONAL AIRPORT	
Fiscal Year 2023/24	
(dollars in thousands, except for rates)	
	Pro Forma 2024
<u>Terminal Area Expenses</u>	
Operation and Maintenance Expenses	\$ 390,267
Debt Service	453,436
Small Capital Outlays	2,699
Equipment	1,185
Annual Service Payment	45,773
Annual ORCIF Deposit	196,844
Deferred Aviation Revenue	(196,844)
	\$ 893,360
+ 'Gross Terminal Space (square feet)	5,916
= Basic Rate	\$151.02
x Airline Leased Space (square feet)	1,742
= Basic Rentals	(A) \$ 263,048
<u>Rental Surcharge (Basic Rental Adjustment)</u>	
Basic Rate	\$151.02
x Public Space	4,174
= Cost of Public Space	\$630,312
- Non-airline revenues	(175,077)
- PFCs Classified as Revenues	(150,000)
+ Net Expense - GT and Parking Area	-
Rental Surcharge	\$ 305,236
<u>Allocation of Rental Surcharge (Basic Rental Adjustment)</u>	
Terminal Area Rental Surcharge	(B) \$ 152,618
Landing Fee Surcharge	152,618
	305,236
<u>Terminal Area Rentals</u>	
Basic Rentals	(A) \$ 263,048
Terminal Area Rental Surcharge	(B) 152,618
	\$ 415,666
<u>Effective Average Rental Rate</u>	
Basic Rate	\$151.02
Rental Surcharge Rate	87.62
	\$238.63

Note: Amounts may not add due to rounding.

Attachment 4

DERIVATION OF REQUIRED AIRLINE RENTAL RATE STRUCTURE

SAN FRANCISCO INTERNATIONAL AIRPORT

Fiscal Year 2023/24

(dollars in thousands, except for rates)

	Pro Forma 2024
Airline Leased Space (square feet)	
Category I	321
Category II	552
Category III	195
Category IV	633
Category V	40
	1,742
	Relative value
Equivalent Category I (square feet)	
Category I	1.00 321
Category II	0.75 414
Category III	0.50 98
Category IV	0.25 158
Category V	0.10 4
	995
Required Category I	
Terminal Area Rentals	\$ 415,666
Divided by Equivalent Category I space (square feet)	995
Required Category I Rate (per square foot)	\$417.58

Terminal Rental Rates	Relative value	
Category I	1.00	\$417.58
Category II	0.75	313.19
Category III	0.50	208.79
Category IV	0.25	104.40
Category V	0.10	41.76

Note: Amounts may not add due to rounding.

Attachment 5

CALCULATION OF LANDING FEES AND LANDING FEE RATE

SAN FRANCISCO INTERNATIONAL AIRPORT

Fiscal Year 2023/24

(dollars in thousands, except for rates)

	<u>Pro Forma 2024</u>
<u>BASIC LANDING FEES</u>	
Operation and Maintenance Expenses	\$105,388
Debt Service	43,403
Small Capital Outlays	460
Equipment	671
Annual ORCIF Deposit	53,156
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Airfield Area Net Expense	\$149,891
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Net revenue - GT and Parking Area	(52,048)
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+ Composite landed weight forecast (in 1,000 lbs units)	36,050
	<u>\$2.79</u>

Landing Fees	
Basic Landing Fees	\$ 149,891
Landing Fee Surcharge	100,570
	<u>\$ 250,461</u>
Landing Fee Rate	
Basic Rate	\$4.16
Surcharge Rate	2.79
	<u>\$6.95</u>

Note: Amounts may not add due to rounding.

Airport Lease & Use Agreement

Use of Airline Revenues and Discussion
of Operating Reserve & Capital
Investment Fund (ORCIF)

May 3, 2023

SFO

A decorative graphic on the right side of the slide, consisting of a central vertical light blue bar flanked by two dark blue, curved, tapering shapes that resemble a stylized tower or structure.

WHAT ARE THE SOURCES OF AIRLINE REVENUE?

Two Primary Sources of Revenue Paid by Airlines to SFO

Terminal Rent

5 categories of terminal rental rates (\$ per square foot) are set each year

- Most expensive: Ticket counters, holdrooms, service counters, kiosks
- Least expensive: unenclosed space and covered ramp level areas

Landing Fees

Each aircraft is charged an activity-based fee set at a rate per 1,000 pounds of landed weight

HOW AIRLINE REVENUES ARE USED

Under Airport's "breakeven" financial framework in the 2023 Lease & Use Agreement:

Total Revenue

Airline Revenue +
Non-Airline Revenue
(e.g., concessions, parking)

Total Expenses

O&M + Debt Service +
Deposits to Operating Revenue & Capital
Investment Fund (ORCIF)

- To breakeven, Total Annual Revenue is set to equal Total Annual Expenses by adjusting the amount of airline revenue required each year
 - \$6.0 Billion in airline revenues (over 10 years) from the initial group of 40 airlines will be combined with revenue from other airlines and non-airline revenue to yield Total Revenue
 - Total Revenue will pay O&M, Debt Service and ORCIF deposits over the 10-year term of the lease agreement

\$6.1 BILLION IN REVENUE FROM 40 SIGNATORY AIRLINES OVER 10-YEAR LEASE TERM

Fiscal Year	Terminal Area Rental Revenue	Landing Fees	Total Lease Revenue	Annual Percent Change
FY 2023-24	\$283,070,971	\$217,443,856	\$500,514,827	
FY 2024-25	297,856,096	230,664,442	528,520,538	6%
FY 2025-26	312,526,623	242,336,064	554,862,687	5%
FY 2026-27	327,807,755	252,126,441	579,934,196	5%
FY 2027-28	339,703,578	262,312,349	602,015,927	4%
FY 2028-29	349,946,602	270,234,181	620,180,784	3%
FY 2029-30	360,455,258	278,395,254	638,850,513	3%
FY 2030-31	371,279,173	286,802,790	658,081,963	3%
FY 2031-32	382,427,805	295,464,235	677,892,040	3%
FY 2032-33	393,910,897	304,387,256	698,298,154	3%
Total	\$3,418,984,758	\$2,640,166,870	\$6,059,151,628	

OPERATING RESERVE AND CAPITAL INVESTMENT FUND

Background: Under the Airport's "traditional" breakeven financial framework (dating to 1981):

Virtually all capital investments were required to be bond financed or grant-funded

- This kept near-term costs lower, but increased future costs compared to cash-funding some portion of the Airport's capital improvements

Airport retained limited amount of liquidity (days cash on hand)

- Days cash on hand is a key measure of financial health, but airports using a breakeven financial structure usually accept lower liquidity

OPERATING RESERVE AND CAPITAL INVESTMENT FUND

Purpose of ORCIF - Create a Fund that provides the Airport with:

Ability to Cash-Fund Capital Projects

A major funding source for capital investments that supplements the Airport's bond financing program

Improved Financial Stability

Ability to stabilize airline rates & charges and to meet unforeseen operating needs
(increasing days cash on hand)

USES OF ORCIF

- **“Any lawful airport purpose”**
 - Funds can be used for Airport operating, maintenance and capital investment purposes
 - Language complies with FAA requirements regarding using airport revenue only for airport purposes
- **Most likely use is to invest in capital projects without requiring Airport to issue bonds**
 - Lower long-term cost
 - Types of possible capital investment projects:
 - ✓ Real estate acquisitions near the airport, which may require faster execution than would be feasible if a bond financing were required
 - ✓ Projects that could increase non-airline revenue
- In addition, the available balance in the ORCIF helps protect the Airport’s competitive position by providing a source for **airline rate stabilization**, if it is ever needed

HOW ORCIF FUNDS WILL BE DISBURSED

ORCIF funding and uses are to be included in Airport's Two-Year Budget

- Internal capital project review process will be used to identify capital projects that may be appropriate to be funded with ORCIF rather than bond funds, such as real estate acquisition
 - Identification of projects and uses will need an internal "Finance Committee" review to ensure that projects could increase non-airline revenue or aviation operational efficiency. The "Finance Committee" will make recommendations to the Airport Director regarding the use of the ORCIF funding
- Airlines will have a Majority-In-Interest review of ORCIF funding projects as specified in the Lease and Use Agreement for capital projects.

Potential Projects for ORCIF Funds

- **Property acquisition to build and operate an offsite catering facility for airlines serving SFO**
- **Property acquisition to build an SFO Academy**
 - Potential uses can be a site to restart the Airframe and Powerplant license program formerly run by City College San Francisco
 - An SFO training center can be a location to introduce young students to careers in aviation
 - A location to hold Civil Service Exams for the trades
 - Training center for SFO staff and tenants
- **Purchase of a Point-of-Sale system for all concessions so SFO management can run real-time revenue reports on the purchase of goods and services**
- **Development of passenger amenities such as an on-airport gas station and convenience store for arriving and departing rental car customers**



LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION
and

ABX AIR, INC.,
a Delaware corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0019

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center
- [DRAFT Lease and Use Agrmt - ABX Air 23-0019](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

AEROVÍAS DE MÉXICO S.A. DE C.V.
dba AEROMÉXICO

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0020

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Aerovias de Mexico 23-0020](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

AIR CHINA LIMITED,
a China state-owned enterprise

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0021

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Air China 23-0021](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

AIR INDIA LIMITED,
an India limited company

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0022

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Air India 23-0022](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

AIR NEW ZEALAND LIMITED,
a New Zealand corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0023

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - DRAFT
[Lease and Use Agrmt - Air New Zealand 23-0023](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION
and

AIR TRANSPORT INTERNATIONAL, INC.,
a Delaware corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0024

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - DRAFT
[Lease and Use Agrmt - Air Transport 23-0024](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

ALASKA AIRLINES, INC.,
an Alaska corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0025

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - DRAFT
[Lease and Use Agrmt - Alaska 23-0025](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

ALL NIPPON AIRWAYS CO, LIMITED
a Japan corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0026

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - DRAFT
[Lease and Use Agrmt - All Nippon 23-0026](#)

LEASE AND USE AGREEMENT
(2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

ASIANA AIRLINES INC.,
a Korea corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0027

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Asiana 23-0027](#)



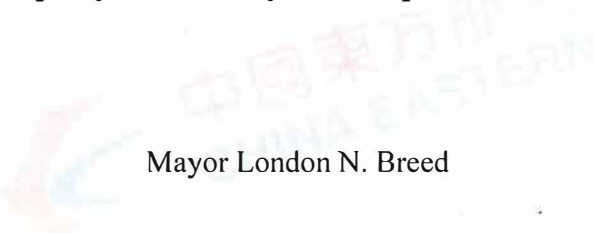
LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

CHINA EASTERN AIRLINES CO. LTD,
a company owned by the Republic of China



Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0028

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - China Eastern 23-0028](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

CONDOR FLUGDIENST GMBH,
a Germany limited liability company

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0029

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Condor 23-0029](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

DELTA AIR LINES, INC.,
a Delaware corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0030

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Delta 23-0030](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

DEUTSCHE LUFTHANSA AG
dba LUFTHANSA GERMAN AIRLINES,
a Germany corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0031

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Deutsche 23-0031](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION
and
EMIRATES,
a company wholly owned by the Government of Dubai

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0032

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Emirates 23-0032](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

EVA AIRWAYS CORPORATION,
a California corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0033

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - EVA 23-0033](#)

LEASE AND USE AGREEMENT
(2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

FEDERAL EXPRESS CORPORATION,
a Delaware corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0034

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - FedEx 23-0034](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION
and

JAPAN AIRLINES CO., LTD.,
a company formed under the laws of Japan

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0035

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center -
[DRAFT Lease and Use Agrmt - Japan 23-0035](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

KALITTA AIR LLC,
a Michigan limited liability company

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0036

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Kalitta 23-0036](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

KONINKLIJKE LUCHTVAART MAATSCHAPPIJ N.V. dba
KLM ROYAL DUTCH AIRLINES

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0037

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center -
[DRAFT Lease and Use Agrmt - KLM 23-0037](#)

LEASE AND USE AGREEMENT
(2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

KOREAN AIR LINES CO., LTD,
a Foreign C corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0038

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Korean 23-0038](#)

LEASE AND USE AGREEMENT
(2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

NIPPON CARGO AIRLINES, INC.,
a Japan corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0039

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Nippon Cargo 23-0039](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

SCANDINAVIAN AIRLINES OF NORTH AMERICA INC DBA
SCANDINAVIAN AIRLINES SAS,
a New York corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0040

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Scandinavian 23-0040](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

SINGAPORE AIRLINES LIMITED,
a Singapore corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0041

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Singapore 23-0041](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

SOCIETE AIR FRANCE dba AIR FRANCE,
a French corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0042

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Air France 23-0042](#)

LEASE AND USE AGREEMENT
(2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

SOUTHWEST AIRLINES CO.,

a Texas corporation

Mayor London N. Breed

AIRPORT COMMISSION

Hon. Eleanor Johns, President

Hon. Malcolm Yeung, Vice President

Hon. Everett A. Hewlett, Jr.

Hon. Jane Natoli

Hon. Jose F. Almanza

Ivar C. Satero

Airport Director

Lease No. 23-0043

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Southwest 23-0043](#)

LEASE AND USE AGREEMENT
(2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

SUN COUNTRY, INC. dba SUN COUNTRY AIRLINES,
a Minnesota corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0044

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center -
[DRAFT Lease and Use Agrmt - Sun Country 23-0044](#)

LEASE AND USE AGREEMENT
(2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

TURK HAVA YOLLARI A.O. dba TURKISH AIRLINES,
a Republic of Turkey corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0045

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - Turkish 23-0045](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

acting by and through its

AIRPORT COMMISSION

and

UNITED AIRLINES, INC.,
a Delaware corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0046

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center - [DRAFT Lease and Use Agrmt - United 23-0046](#)

LEASE AND USE AGREEMENT (2023-2033)

SAN FRANCISCO INTERNATIONAL AIRPORT

by and between the
CITY AND COUNTY OF SAN FRANCISCO
acting by and through its
AIRPORT COMMISSION

and

VIRGIN ATLANTIC AIRWAYS LIMITED,
A United Kingdom corporation

Mayor London N. Breed

AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, Vice President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

Ivar C. Satero
Airport Director

Lease No. 23-0047

Click on the BLUE hyperlink to view the Lease and Use Agreement in the Legislative Research Center
- [DRAFT Lease and Use Agrmt - Virgin 23-0047](#)



San Francisco International Airport

MEMORANDUM

February 7, 2023

TO: AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung, President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

23-0019

THROUGH

23-0047

= FEB 7 2023

FROM: Airport Director

SUBJECT: Award of the 2023 Lease and Use Agreement with Certain Airlines Operating at San Francisco International Airport

DIRECTOR'S RECOMMENDATION: ADOPT THE ACCOMPANYING RESOLUTIONS AWARDING THE 2023 LEASE AND USE AGREEMENT TO CERTAIN AIRLINES OPERATING AT SAN FRANCISCO INTERNATIONAL AIRPORT, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE AGREEMENTS TO THE BOARD OF SUPERVISORS FOR APPROVAL.

Executive Summary

A majority of airlines serving San Francisco International Airport (SFO or Airport) currently operate pursuant to the 2011 Airline Lease and Use Agreement (2011 Lease). The 2011 Lease expires on June 30, 2023. Airport staff and airline representatives have negotiated a new form of a Lease and Use Agreement, which will commence July 1, 2023 for a ten-year term (2023 Lease). Staff seeks Airport Commission (Commission) award of the 2023 Lease to the airlines listed in Attachment 1 to this Memorandum.

Background

Airline lease and use agreements generally set the rate-making methodology, gate allocation and operating procedures, and general business and legal terms for the operation of airlines at an airport. Most of the airlines serving SFO currently operate under the 2011 Lease (Signatory Airlines) originally set to expire on June 30, 2021. Airport staff and Signatory Airlines began negotiations for a new lease and use agreement in December 2019. As a result of the COVID-19 pandemic, the parties determined that continuing negotiations at that time was impractical given the emergency conditions facing the Airport and Signatory Airlines. Staff requested and the Commission approved modifications of the 2011 Lease providing for a two-year extension of the term, for a new expiration date of June 30, 2023.

The Airport and Signatory Airlines subsequently resumed negotiations and agreed to the terms of the 2023 Lease in July 2022 and on the final form of the 2023 Lease in November 2022. All Signatory

THIS PRINT COVERS CALENDAR ITEM NO. 2

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED
MAYOR

ELEANOR JOHNS
PRESIDENT

MALCOLM YEUNG
VICE PRESIDENT

EVERETT A. HEWLETT, JR.

JANE NATOLI

JOSE F. ALMANZA

IVAR C. SATERO
AIRPORT DIRECTOR

Airlines execute the same form of the 2023 Lease, with only conforming changes reflecting the specific Signatory Airline and its demised premises.

Proposal

The 2023 Lease largely builds on the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport. The major terms and conditions of the 2023 Lease are as follows:

- **Term**: Ten years commencing on July 1, 2023 and expiring on June 30, 2033.
- **Rate-Making Methodology**: Retention of the existing financial residual rate-making structure under which Signatory Airlines agree to collectively assume the financial risk of operating at the Airport to the extent the Airport's operating costs are not covered by non-aviation sources of revenue (i.e., concession and ground transportation fees). Each of the Signatory Airlines pays Terminal Area Rentals, Landing Fees, and other usage fees set forth in the Airport Rates and Charges as adopted annually by the Commission.
- **Annual Service Payment**: Retention of the Airport's Annual Service Payment to the City's General Fund, which equals the greater of \$5 million or 15% of Airport concession revenues.
- **Operating Reserve and Capital Improvement Fund**: Establishment of an operating reserve and capital improvement fund totaling \$800 million over the 10-year term (adjusted for inflation by an agreed-upon index), which may be used only by the Commission for any lawful Airport purposes.
- **Shared Use Equipment**: Enhanced rights of the Commission to install shared use equipment throughout the Airport, including in exclusive use spaces of airlines, which enhances operational efficiency and Commission control over the Airport.
- **Preferential Use Gate Allocation**: Expanded review period of airline seat capacity for the purposes of allocating Preferential Use Gates, which will encourage Preferential Use Gates to be used more consistently year-round.
- **Gate Accommodations**: Enhanced rights of the City to accommodate flights at Preferential Use Gates of Signatory Airlines, which maximizes the use of a gate and, in turn, the efficiency and capacity of the Airport.
- **Sustainable Aviation Fuel Working Group**: Establishment of an Airport Director-chaired Sustainable Aviation Fuel Working Group of Airport staff and Signatory Airlines tasked with identifying areas where the parties can cooperate to increase the uptake of sustainable aviation fuel at the Airport.
- **Ground Service Equipment Electrification**: Mutual agreement on a goal to achieve 100% electric-powered ground service equipment at the Airport.
- **Airline Relocation Costs**: Clarification on the financial liability for airline relocations. An airline initiating its relocation within the Airport will be responsible for such move and any required secondary relocations of other airlines, while any relocation initiated by the Airport will be the responsibility of the Airport, subject to recovery through rates and charges.

- Digital Information Working Group. Establishment of an Airport Director-chaired Digital Information Working Group of Airport staff and Signatory Airlines tasked with identifying information on Airport infrastructure and airline operations that could be exchanged in real-time to enhance the efficiency of Airport operations and improve the guest experience.
- Commercialization of Digital Assets: Expressed acknowledgment by the Signatory Airlines that the Airport has the sole and exclusive right to control, manage, and utilize, for commercial and non-commercial purposes, all Airport Proprietary Content.

Insurance and indemnification obligations of the Signatory Airlines, as well as all City contracting provisions, have been revised to comply with current City requirements. All other terms and conditions of the 2023 Lease are substantially similar to those in the 2011 Lease.

The 2023 Lease has been offered to all airlines operating at SFO, providing the opportunity to maintain or obtain Signatory Airline status at the Airport. Those airlines who forego Signatory Airline status may operate at the Airport by separately entering into a month-to-month operating permit, which requires a 25% premium on landing fees and a higher security deposit requirement. The 2023 Lease will continue to be offered to all other airlines through the remainder of its term, including to new entrants.

Staff now seeks Commission award of the 2023 Lease with each airline listed in Attachment 1, subject to the approval of the Board of Supervisors. The 2023 Leases executed by airlines after those awarded today will be brought forward for the Commission and the Board of Supervisors' approvals at various intervals in the future.

Recommendation

I recommend adoption of the accompanying Resolutions awarding the 2023 Lease to each of the airlines listed in Attachment 1 to this Memorandum and directing the Commission Secretary to forward the leases for approval by the Board of Supervisors under 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

Attachments

ATTACHMENT 1

SIGNATORY AIRLINES TO THE 2023 LEASE AND USE AGREEMENT

1. ABX Air, Inc.
2. Aerovías de México S.A. de C.V. dba Aeroméxico
3. Air China Limited
4. Air India Limited
5. Air New Zealand Limited
6. Air Transport International, Inc.
7. Alaska Airlines, Inc.
8. All Nippon Airways Co, Limited
9. Asiana Airlines Inc.
10. China Eastern Airlines Co. Ltd
11. Condor Flugdienst GMBH
12. Delta Air Lines, Inc.
13. Deutsche Lufthansa AG dba Lufthansa German Airlines
14. Emirates
15. EVA Airways Corporation
16. Federal Express Corporation
17. Japan Airlines Co., Ltd.
18. Kalitta Air LLC
19. Koninklijke Luchtvaart Maatschappij N.V. dba KLM Royal Dutch Airlines
20. Korean Air Lines Co., Ltd
21. Nippon Cargo Airlines, Inc.
22. Scandinavian Airlines of North America Inc dba Scandinavian Airlines SAS
23. Singapore Airlines Limited
24. Société Air France dba Air France
25. Southwest Airlines Co.
26. Sun Country, Inc.
27. Turk Hava Yolları A.O. dba Turkish Airlines
28. United Airlines, Inc.
29. Virgin Atlantic Airways Limited

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0019

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO ABX AIR, INC., AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, ABX Air, Inc. (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 11-0005 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to ABX Air, Inc.; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 _____ = **FEB 7 2023**


FOR CHRISTINE O'LEARY
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0020

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO AEROVÍAS DE MÉXICO S.A. DE C.V. DBA AEROMÉXICO, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

- WHEREAS, Aerovías de México S.A. de C.V. dba Aeroméxico (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to Operating and Space Permit No. 4201 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and
- WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and
- WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it
- RESOLVED, that this Commission awards the 2023 Lease to Aerovías de México S.A. de C.V. dba Aeroméxico; and, be it further
- RESOLVED, that, in order to facilitate the administration of the 2023 Lease, this Commission authorizes the Airport Director to enter into any non-material modifications to the 2023 Lease throughout its term that do not otherwise: (a) materially increase the financial obligations or liabilities of City; (b) increase the term, or (c) change the general use of the demised premises from the permitted uses of the 2023 Lease; and, be it further
- RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 _____ = **FEB 7 2023**


FOR KATHLEEN OBREGON
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0021

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO AIR CHINA LIMITED, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Air China Limited (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0075 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Air China Limited; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 = FEB 7 2023


FOR LATRICE OGBURNE
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0022

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO AIR INDIA LIMITED, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Air India Limited (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 17-0183 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Air India Limited; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 = FEB 7 2023


FOR KATRICE OBLERON
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0023

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO AIR NEW ZEALAND LIMITED, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Air New Zealand Limited (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 11-0009 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Air New Zealand Limited; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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
— FEB 7 2023
at its meeting of _____


FOR KATHERINE O'LEARY
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0024

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO AIR TRANSPORT INTERNATIONAL, INC., AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Air Transport International, Inc. (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to Operating and Space Permit No. 4891 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Air Transport International, Inc.; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 = FEB 7 2023


FOR KARRISSA OLETAPE
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0026

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO ALL NIPPON AIRWAYS CO, LIMITED, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, All Nippon Airways Co, Limited (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0077 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to All Nippon Airways Co, Limited; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 **FEB 7 2023**


FOR KATRICE OGLETREE
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0027

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO ASIANA AIRLINES INC., AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Asiana Airlines Inc. (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0079 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Asiana Airlines Inc.; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 _____

— FEB 7 2023


FOR KARTRICE COLEMAN
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0028

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO CHINA EASTERN AIRLINES CO. LTD, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, China Eastern Airlines Co. Ltd (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 13-0065 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to China Eastern Airlines Co. Ltd; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 _____ = FEB 7 2023



Secretary

AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 23-0029

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO CONDOR FLUGDIENST GMBH, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Condor Flugdienst GMBH (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to Operating and Space Permit No. 4988 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and


WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Condor Flugdienst GMBH; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 _____ — FEB 7 2023



Kaprice O'Leary
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0030

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO DELTA AIR LINES, INC., AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Delta Air Lines, Inc. (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0083 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Delta Air Lines, Inc.; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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* _____ = **FEB 7 2023**



Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0032

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO EMIRATES, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Emirates (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0084 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Emirates; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 = FEB 7 2023


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0033

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO EVA AIRWAYS CORPORATION, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, EVA Airways Corporation (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0085 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to EVA Airways Corporation; and, be it further


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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 _____

FEB 7 2023


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0034

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO FEDERAL EXPRESS CORPORATION, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Federal Express Corporation (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0086 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Federal Express Corporation; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 = FEB 7 2023


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0035

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO JAPAN AIRLINES CO., LTD., AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

- WHEREAS, Japan Airlines Co., Ltd. (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0088 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and
- WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and
- WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it
- RESOLVED, that this Commission awards the 2023 Lease to Japan Airlines Co., Ltd.; and, be it further
- RESOLVED, that, in order to facilitate the administration of the 2023 Lease, this Commission authorizes the Airport Director to enter into any non-material modifications to the 2023 Lease throughout its term that do not otherwise: (a) materially increase the financial obligations or liabilities of City; (b) increase the term, or (c) change the general use of the demised premises from the permitted uses of the 2023 Lease; and, be it further
- RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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
= FEB 7 2023
at its meeting of _____


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0036

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO KALITTA AIR LLC, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Kalitta Air LLC (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0277 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Kalitta Air LLC; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 _____ = FEB 7 2023

Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0037

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO KONINKLIJKE LUCHTVAART MAATSCHAPPIJ N.V. DBA KLM ROYAL DUTCH AIRLINES, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Koninklijke Luchtvaart Maatschappij N.V. dba KLM Royal Dutch Airlines (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0089 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Koninklijke Luchtvaart Maatschappij N.V. dba KLM Royal Dutch Airlines; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 _____

= FEB 7 2023



Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0038

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO KOREAN AIR LINES CO., LTD, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Korean Air Lines Co., Ltd (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0090 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Korean Air Lines Co., Ltd; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 _____ = FEB 7 2023


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0039

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO NIPPON CARGO AIRLINES, INC., AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

- WHEREAS, Nippon Cargo Airlines, Inc. (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0278 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and
- WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and
- WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it
- RESOLVED, that this Commission awards the 2023 Lease to Nippon Cargo Airlines, Inc.; and, be it further
- RESOLVED, that, in order to facilitate the administration of the 2023 Lease, this Commission authorizes the Airport Director to enter into any non-material modifications to the 2023 Lease throughout its term that do not otherwise: (a) materially increase the financial obligations or liabilities of City; (b) increase the term, or (c) change the general use of the demised premises from the permitted uses of the 2023 Lease; and, be it further
- RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 = FEB 7 2023


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0040

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO SCANDINAVIAN AIRLINES OF NORTH AMERICA INC DBA SCANDINAVIAN AIRLINES SAS, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Scandinavian Airlines of North America Inc dba Scandinavian Airlines SAS (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 13-0066 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Scandinavian Airlines of North America Inc dba Scandinavian Airlines SAS; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 _____ **FEB 7 2023**


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0041

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO SINGAPORE AIRLINES LIMITED, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Singapore Airlines Limited (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0094 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Singapore Airlines Limited; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 _____ = FEB 7 2023



Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0042

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO SOCIÉTÉ AIR FRANCE DBA AIR FRANCE, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Société Air France dba Air France (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0076 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Société Air France dba Air France; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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
= FEB 7 2023
at its meeting of _____



Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0043

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO SOUTHWEST AIRLINES CO., AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Southwest Airlines Co. (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0095 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and


WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Southwest Airlines Co.; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 **FEB 7 2023**



Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0044

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO SUN COUNTRY, INC., AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Sun Country, Inc. (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 12-0015 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Sun Country, Inc.; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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
= FEB 7 2023
at its meeting of _____



Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0045

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO TURK HAVA YOLLARIA A.O. DBA TURKISH AIRLINES, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Turk Hava Yollaria A.O. dba Turkish Airlines (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 16-0301 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to Turk Hava Yollaria A.O. dba Turkish Airlines; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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 - FEB 7 2023


FOR WASTANCE GRETISE
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0046

AWARD A 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO UNITED AIRLINES, INC., AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, United Airlines, Inc. (Airline) conducts flight operations at San Francisco International Airport (Airport or SFO) pursuant to 2011 Lease and Use Agreement No. 10-0097 with the City and County of San Francisco (City), acting by and through its Airport Commission (Commission), which expires on June 30, 2023; and

WHEREAS, Staff and the signatory airlines operating at SFO have negotiated the terms of a new form of Lease and Use Agreement, which has a ten-year term commencing July 1, 2023 and expiring June 30, 2033 (2023 Lease); and

WHEREAS, the 2023 Lease largely builds and improves upon the terms of the 2011 Lease, with some significant financial and operational improvements for the Airport, which are further set forth in the Director's Memorandum accompanying this Resolution; now, therefore, be it

RESOLVED, that this Commission awards the 2023 Lease to United Airlines, Inc.; and, be it further

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

RESOLVED, that the Commission Secretary is hereby directed to forward this 2023 Lease 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* _____ **FEB 7 2023** _____



FOR KRISTINE QUIREE
Secretary

AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO
INTER-OFFICE MEMORANDUM

TO: Javad Hadizadeh, Aviation Management **DATE:** October 6, 2022
FROM: Audrey Park, Bureau of Planning and Environmental Affairs
SUBJECT: Notification of Environmental Review: New 2023 Lease and Use Agreement

VIA EMAIL ONLY

State Law: California Environmental Quality Act (CEQA): Lead Agency: SF Planning Department – Environmental Planning Division	COMPLETED
<p>On October 6, 2022, the San Francisco Planning Department – Environmental Planning Division (SF Planning) determined that the project identified as “2023 Lease and Use Agreement” between SFO and airlines/tenants is exempt from the requirements of CEQA per CEQA Guidelines as a Common Sense Exemption under section 15061(b)(3) (SF Planning Department File No. 2022-009712ENV).</p> <p>Table 1 includes a list of CEQA-related Action Items regarding your project. The CEQA Exemption issued by SF Planning is provided as Attachment A to this memo.</p> <p>Please include the attached CEQA Exemption from the SF Planning Department if the 2023 Lease and Use Agreement is subject to SF Board of Supervisors approval. Proof of CEQA compliance is one of the Board Clerk required elements.</p> <p>SFEP has published this exemption the “Public Agency Exemptions” header of its website: https://sfplanning.org/resource/ceqa-exemptions</p>	
Federal Law: National Environmental Policy Act (NEPA): Lead Agency: Federal Aviation Administration – SF Airports District Office (FAA SF ADO)	NOT APPLICABLE
<p>As a federally obligated public use airport, SFO adheres with NEPA and the Federal Aviation Administration (FAA) Orders 1050.1F and 5050.4B. Environmental review by the FAA under NEPA is not applicable to this project.</p>	

As always, should you have any questions or require further assistance, please feel free to call me at extension 1-7844.

Attachments

- cc SFO Planning S. Murphy, AVM
K. Bumen, C&F C. Stuart, CAT
G. Neumayr, PDC C. Davis, CAT
D. Volek, EA

TABLE 1: PROJECT ACTION ITEMS FOR PROJECTS WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) EXEMPTIONS¹

1	CHANGES TO PROJECT SCOPE	TIMING
	<p>Contract Manager/Project Manager (PM/CM) to notify BPEA of any changes to the final lease terms (“Project”) to confirm Environmental Reviews and Approvals remain valid for the Project as revised.</p> <p>PM/CM Action Item: Notify your assigned BPEA staff of project scope changes.</p>	Throughout project development.
2	SAN FRANCISCO ADMINISTRATIVE CODE, CHAPTER 31	TIMING
	<p>Background: All San Francisco Departments must adhere to Chapter 31 of the Administrative Code, which implements the CCSF-specific CEQA requirements. Under Chapter 31, the Airport must provide public notice when it takes the “Approval Action” for a project, which is the first action taken committing the Airport to the project. Please note the Approval Action listed in the CEQA Exemption approval. Notify your assigned BPEA staff if you do not believe the correct approval action is listed.</p> <p>PM/CM Action Item: You must follow the correct procedure for noticing the Approval Action for your project to trigger the 30-day CEQA appeal period:</p> <ul style="list-style-type: none"> For Approval Actions that will be <u>taken by the Commission</u>, notify BPEA staff to include the appropriate language in the Commission package (Box Item 3 Below). The 30-day CEQA appeal period starts from the date of a properly noticed public Airport Commission meeting taking the Approval Action. For Approval Actions <u>other than a formal Commission action</u>, you must notify your assigned BPEA staff as soon as the Approval Action occurs. The 30-day CEQA appeal period starts from the date that the SF Planning Department posts the notice on its website that the Approval Action has occurred. <p>Consequences of Not Correctly Noticing an Approval Action: If an exemption determination for a project is not properly noticed at an Airport Commission meeting or posted on the SF Planning Department’s website, an appeal may be filed within 30 days following the discovery of the exemption determination. When an appeal to a project is filed:</p> <ul style="list-style-type: none"> Construction activities must be stopped until the appeal is resolved. Bond funding cannot be released until the 30-day appeal period has been closed and there are no remaining risks for an appeal of the project. 	Upon receipt of CEQA Exemption approval.
3	FORMAL ACTIONS REQUIRING AIRPORT COMMISSION APPROVAL(S)	TIMING
	<p>PM/CM Action Item: Send your full Airport Commission package (agenda/blue sheet, Memorandum, and Resolution) to your assigned BPEA staff, who will review it to make sure that it satisfies Chapter 31 requirements, including public notification requirements on the Commission agenda. <u>Please ensure the provided Chapter 31 language is not deleted or modified during reviews and routing of your Airport Commission package.</u></p> <p>[SAMPLE AIRPORT COMMISSION PACKAGE ON NEXT PAGE]</p>	Notify BPEA prior to full routing of Commission package

¹ This memo guidance does not apply to projects with stand-alone environmental reviews (i.e., Negative Declaration and Environmental Impact Report). BPEA staff will insert language for you. Do not use this template for Negative Declarations and EIRs.

3	FORMAL ACTIONS REQUIRING AIRPORT COMMISSION APPROVAL(S) (CONTINUED)	TIMING
	<p>AGENDA SHEET SUMMARY OF ITEM:</p> <p>Please add the following stand-alone paragraph at the end of the summary.</p> <p>This action constitutes the Approval Action for the Project for purposes of the California Environmental Quality Act, pursuant to Section 31.04(h) of the San Francisco Administrative Code.</p> <p>MEMORANDUM</p> <p>Include the following paragraph before the “Recommendation” paragraph:</p> <p><u>Environmental Review:</u></p> <p>On October 6, 2022, the San Francisco Planning Department, Environmental Planning Division, has determined that the 2023 Lease and Use Agreement is exempt from review under the California Environmental Quality Act (“CEQA”) (Public Resources Code Section 21000, <i>et seq.</i>) and Section 15061(b)(3) of the CEQA Guidelines as a common sense exemption. This exemption determination is available on the Planning Department’s website (Planning Department File No. 2022-009712ENV). This action constitutes the Approval Action for the 2023 Lease and Use Agreement for the purposes of CEQA, pursuant to Section 31.04(h) of the San Francisco Administrative Code.</p> <p>RESOLUTION</p> <p>RESOLUTION RECITALS:</p> <p>....</p> <p>WHEREAS, on October 6, 2022, the San Francisco Planning Department, Environmental Planning Division determined that the 2023 Lease and Use Agreement is exempt from review under the California Environmental Quality Act, (Public Resources Code section 21000, <i>et seq.</i>) (“CEQA”), CEQA Guidelines §15061(b)(3) exemption as a common sense exemption, and Chapter 31 of the San Francisco Administrative Code (Planning Department File No. 2022-009712ENV); now, therefore, be it</p> <p>RESOLVED, that the Commission hereby affirms and incorporates by reference the Planning Department’s determination that the Project is exempt from review under CEQA; and, be it further</p> <p>RESOLVED, that the Commission hereby authorizes the _____</p>	

ATTACHMENT A

**CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)
COMMON SENSE EXEMPTION
SAN FRANCISCO PLANNING DEPARTMENT,
ENVIRONMENTAL PLANNING DIVISION**



CEQA Exemption Determination

PROPERTY INFORMATION/PROJECT DESCRIPTION

Project Address		Block/Lot(s)
SFO: 2023 Lease and Use Agreement		
Case No.		Permit No.
2022-009712ENV		
<input type="checkbox"/> Addition/ Alteration	<input type="checkbox"/> Demolition (requires HRE for Category B Building)	<input type="checkbox"/> New Construction
<p>Project description for Planning Department approval.</p> <p>The City and County of San Francisco, by and through the San Francisco Airport Commission, proposes to enter into a new 2023 Lease and Use Agreement between the San Francisco International Airport and airlines for a term of 10 years, and to update standard legal provisions. The existing lease and use agreement expires June 30, 2023. There would be no physical expansions or modifications to SFO facilities as a result of the proposed project.</p> <p>Approval Action: Airport Commission Approval to execute 2023 Lease and Use Agreement</p>		

STEP 1: EXEMPTION TYPE

The project has been determined to be exempt under the California Environmental Quality Act (CEQA).	
<input type="checkbox"/>	Class 1 - Existing Facilities. Interior and exterior alterations; additions under 10,000 sq. ft.
<input type="checkbox"/>	Class 3 - New Construction. Up to three new single-family residences or six dwelling units in one building; commercial/office structures; utility extensions; change of use under 10,000 sq. ft. if principally permitted or with a CU.
<input type="checkbox"/>	<p>Class 32 - In-Fill Development. New Construction of seven or more units or additions greater than 10,000 sq. ft. and meets the conditions described below:</p> <p>(a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.</p> <p>(b) The proposed development occurs within city limits on a project site of no more than 5 acres substantially surrounded by urban uses.</p> <p>(c) The project site has no value as habitat for endangered rare or threatened species.</p> <p>(d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.</p> <p>(e) The site can be adequately served by all required utilities and public services.</p> <p>FOR ENVIRONMENTAL PLANNING USE ONLY</p>
<input type="checkbox"/>	Other _____
<input checked="" type="checkbox"/>	Common Sense Exemption (CEQA Guidelines section 15061(b)(3)). It can be seen with certainty that there is no possibility of a significant effect on the environment. FOR ENVIRONMENTAL PLANNING USE ONLY

STEP 2: ENVIRONMENTAL SCREENING ASSESSMENT

TO BE COMPLETED BY PROJECT PLANNER

<input type="checkbox"/>	<p>Air Quality: Would the project add new sensitive receptors (specifically, schools, day care facilities, hospitals, residential dwellings, and senior-care facilities within an Air Pollution Exposure Zone? Does the project have the potential to emit substantial pollutant concentrations (e.g. use of diesel construction equipment, backup diesel generators, heavy industry, diesel trucks, etc.)? (refer to <i>The Environmental Information tab on the San Francisco Property Information Map</i>)</p>
<input type="checkbox"/>	<p>Hazardous Materials: If the project site is located on the Maher map or is suspected of containing hazardous materials (based on a previous use such as gas station, auto repair, dry cleaners, or heavy manufacturing, or a site with underground storage tanks): Would the project involve 50 cubic yards or more of soil disturbance - or a change of use from industrial to residential?</p> <p>Note that a categorical exemption shall not be issued for a project located on the Cortese List if box is checked, note below whether the applicant has enrolled in or received a waiver from the San Francisco Department of Public Health (DPH) Maher program, or if Environmental Planning staff has determined that hazardous material effects would be less than significant. (refer to <i>The Environmental Information tab on the San Francisco Property Information Map</i>)</p>
<input type="checkbox"/>	<p>Transportation: Does the project involve a child care facility or school with 30 or more students, or a location 1,500 sq. ft. or greater? Does the project have the potential to adversely affect transit, pedestrian and/or bicycle safety (hazards) or the adequacy of nearby transit, pedestrian and/or bicycle facilities?</p>
<input type="checkbox"/>	<p>Archeological Resources: Would the project result in soil disturbance/modification greater than two (2) feet below grade in an archeological sensitive area or eight (8) feet in a non-archeological sensitive area? If yes, archeology review is required.</p>
<input type="checkbox"/>	<p>Subdivision/Lot Line Adjustment: Does the project site involve a subdivision or lot line adjustment on a lot with a slope average of 20% or more? (refer to <i>The Environmental Information tab on the San Francisco Property Information Map</i>) If box is checked, Environmental Planning must issue the exemption.</p>
<input type="checkbox"/>	<p>Average Slope of Parcel = or > 25%, or site is in Edgehill Slope Protection Area or Northwest Mt. Sutro Slope Protection Area: Does the project involve any of the following: (1) New building construction, except one-story storage or utility occupancy, (2) horizontal additions, if the footprint area increases more than 50%, or (3) horizontal and vertical additions increase more than 500 square feet of new projected roof area? (refer to <i>The Environmental Planning tab on the San Francisco Property Information Map</i>) If box is checked, a geotechnical report is likely required and Environmental Planning must issue the exemption.</p>
<input type="checkbox"/>	<p>Seismic Hazard: <input type="checkbox"/> Landslide or <input type="checkbox"/> Liquefaction Hazard Zone:</p> <p>Does the project involve any of the following: (1) New building construction, except one-story storage or utility occupancy, (2) horizontal additions, if the footprint area increases more than 50%, (3) horizontal and vertical additions increase more than 500 square feet of new projected roof area, or (4) grading performed at a site in the landslide hazard zone? (refer to <i>The Environmental tab on the San Francisco Property Information Map</i>) If box is checked, a geotechnical report is required and Environmental Planning must issue the exemption.</p>
<p>Comments and Planner Signature (optional): Don Lewis</p>	

**STEP 3: PROPERTY STATUS - HISTORIC RESOURCE
TO BE COMPLETED BY PROJECT PLANNER**

PROPERTY IS ONE OF THE FOLLOWING: (refer to Property Information Map)	
<input type="checkbox"/>	Category A: Known Historical Resource. GO TO STEP 5.
<input type="checkbox"/>	Category B: Potential Historical Resource (over 45 years of age). GO TO STEP 4.
<input checked="" type="checkbox"/>	Category C: Not a Historical Resource or Not Age Eligible (under 45 years of age). GO TO STEP 6.

**STEP 4: PROPOSED WORK CHECKLIST
TO BE COMPLETED BY PROJECT PLANNER**

Check all that apply to the project.	
<input type="checkbox"/>	1. Change of use and new construction. Tenant improvements not included.
<input type="checkbox"/>	2. Regular maintenance or repair to correct or repair deterioration, decay, or damage to building.
<input type="checkbox"/>	3. Window replacement that meets the Department's <i>Window Replacement Standards</i> . Does not include storefront window alterations.
<input type="checkbox"/>	4. Garage work. A new opening that meets the <i>Guidelines for Adding Garages and Curb Cuts</i> , and/or replacement of a garage door in an existing opening that meets the Residential Design Guidelines.
<input type="checkbox"/>	5. Deck, terrace construction, or fences not visible from any immediately adjacent public right-of-way.
<input type="checkbox"/>	6. Mechanical equipment installation that is not visible from any immediately adjacent public right-of-way.
<input type="checkbox"/>	7. Dormer installation that meets the requirements for exemption from public notification under <i>Zoning Administrator Bulletin No. 3: Dormer Windows</i> .
<input type="checkbox"/>	8. Addition(s) that are not visible from any immediately adjacent public right-of-way for 150 feet in each direction; does not extend vertically beyond the floor level of the top story of the structure or is only a single story in height; does not have a footprint that is more than 50% larger than that of the original building; and does not cause the removal of architectural significant roofing features.
Note: Project Planner must check box below before proceeding.	
<input type="checkbox"/>	Project is not listed. GO TO STEP 5.
<input type="checkbox"/>	Project does not conform to the scopes of work. GO TO STEP 5.
<input type="checkbox"/>	Project involves four or more work descriptions. GO TO STEP 5.
<input type="checkbox"/>	Project involves less than four work descriptions. GO TO STEP 6.

**STEP 5: ADVANCED HISTORICAL REVIEW
TO BE COMPLETED BY PRESERVATION PLANNER**

Check all that apply to the project.	
<input type="checkbox"/>	1. Reclassification of property status. (Attach HRER Part I) <input type="checkbox"/> Reclassify to Category A a. Per HRER b. Other (specify): <input type="checkbox"/> Reclassify to Category C (No further historic review)
<input type="checkbox"/>	2. Project involves a known historical resource (CEQA Category A) as determined by Step 3 and conforms entirely to proposed work checklist in Step 4.
<input type="checkbox"/>	3. Interior alterations to publicly accessible spaces that do not remove, alter, or obscure character defining features.
<input type="checkbox"/>	4. Window replacement of original/historic windows that are not "in-kind" but are consistent with existing historic character.
<input type="checkbox"/>	5. Façade/storefront alterations that do not remove, alter, or obscure character-defining features.

<input type="checkbox"/>	6. Raising the building in a manner that does not remove, alter, or obscure character-defining features.
<input type="checkbox"/>	7. Restoration based upon documented evidence of a building's historic condition, such as historic photographs, plans, physical evidence, or similar buildings.
<input type="checkbox"/>	8. Work consistent with the <i>Secretary of the Interior Standards for the Treatment of Historic Properties (Analysis required)</i> :
<input type="checkbox"/>	9. Work compatible with a historic district (Analysis required):
<input type="checkbox"/>	10. Work that would not materially impair a historic resource (Attach HRER Part II).
Note: If ANY box in STEP 5 above is checked, a Preservation Planner MUST sign below.	
<input type="checkbox"/>	Project can proceed with exemption review. The project has been reviewed by the Preservation Planner and can proceed with exemption review. GO TO STEP 6.
Comments (optional):	
Preservation Planner Signature:	

STEP 6: EXEMPTION DETERMINATION
TO BE COMPLETED BY PROJECT PLANNER

<input checked="" type="checkbox"/>	Common Sense Exemption: No further environmental review is required. The project is exempt under CEQA. It can be seen with certainty that there is no possibility of a significant effect on the environment.	
	Project Approval Action: Airport Commission Approval to Execute Agreement	Signature: Don Lewis
		10/06/2022
	Once signed or stamped and dated, this document constitutes a n exemption pursuant to CEQA Guidelines and Chapter 31of the Administrative Code. In accordance with Chapter 31 of the San Francisco Administrative Code, an appeal of an exemption determination to the Board of Supervisors can only be filed within 30 days of the project receiving the approval action.	

STEP 7: MODIFICATION OF A CEQA EXEMPT PROJECT

TO BE COMPLETED BY PROJECT PLANNER

In accordance with Chapter 31 of the San Francisco Administrative Code, when a California Environmental Quality Act (CEQA) exempt project changes after the Approval Action and requires a subsequent approval, the Environmental Review Officer (or his or her designee) must determine whether the proposed change constitutes a substantial modification of that project. This checklist shall be used to determine whether the proposed changes to the approved project would constitute a "substantial modification" and, therefore, be subject to additional environmental review pursuant to CEQA.

MODIFIED PROJECT DESCRIPTION

Modified Project Description:

DETERMINATION IF PROJECT CONSTITUTES SUBSTANTIAL MODIFICATION

Compared to the approved project, would the modified project:

- | | |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | Result in expansion of the building envelope, as defined in the Planning Code; |
| <input type="checkbox"/> | Result in the change of use that would require public notice under Planning Code Sections 311 or 312; |
| <input type="checkbox"/> | Result in demolition as defined under Planning Code Section 317 or 19005(f)? |
| <input type="checkbox"/> | Is any information being presented that was not known and could not have been known at the time of the original determination, that shows the originally approved project may no longer qualify for the exemption? |

If at least one of the above boxes is checked, further environmental review is required

DETERMINATION OF NO SUBSTANTIAL MODIFICATION

- | | |
|--------------------------|-------------------------------------------------------------------------|
| <input type="checkbox"/> | The proposed modification would not result in any of the above changes. |
|--------------------------|-------------------------------------------------------------------------|

If this box is checked, the proposed modifications are exempt under CEQA, in accordance with prior project approval and no additional environmental review is required. This determination shall be posted on the Planning Department website and office and mailed to the applicant, City approving entities, and anyone requesting written notice. In accordance with Chapter 31, Sec 31.08j of the San Francisco Administrative Code, an appeal of this determination can be filed to the Environmental Review Officer within 10 days of posting of this determination.

Planner Name:

Date:



San Francisco International Airport

February 17, 2023

Ms. Angela Calvillo
Clerk of the Board
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Subject: 2023 Lease and Use Agreement between the City and County of San Francisco, acting by and through its Airport Commission, and 29 Various Airlines Operating at San Francisco International Airport

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding for the Board of Supervisors' approval the proposed Resolution, which approves a 2023 Lease and Use Agreement ("2023 Lease") between the City and County of San Francisco, acting by and through its Airport Commission, and various domestic, international, and cargo airlines that conduct flight operations at San Francisco International ("SFO"), as described on Attachment 1 of the Board of Supervisors Resolution.

The 2023 Lease, which sets the rate-making methodology, gate allocation and operating procedures, and general business and legal terms for the operation of airlines at SFO, will commence on July 1, 2023 and expire on June 30, 2033.

The following is a list of accompanying documents:

- Board of Supervisors Resolution;
- New 2023 Lease and Use Agreement CEQA Approval; and
- Approved Airport Commission Resolution Nos. 23-0019 through 23-0047;
- Airport Commission Memorandum;
- Copy of SFEC-126(f) Submittals; and
- Copy of the 2023 Lease and Use Agreements with airlines listed in Attachment 1 of the Board of Supervisors Resolution.

The following person may be contacted regarding this matter:

Diana Chow, Senior Property Manager
(650) 821-4525
Diana.Chow@flysfo.com

Very truly yours,

Kantrice Ogletree/s/
Kantrice Ogletree
Commission Secretary

Enclosures

cc: Diana Chow, SFO Aviation Management
Cathy Widener, SFO Governmental Affairs
Dyanna Volek, SFO Governmental Affairs

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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AIRPORT DIRECTOR

File No. 230204 - Form 126s

1	7A090DE8-19BD-4DE2-AFE2-83000D44068C	ABX Air
2	F6F78178-9B9E-4BB3-9E2D-7E734810BFB1	Aerovias De Mexico
3	A53B90ED-4906-4733-968A-6100720B7389	Air China
4	83EE336B-F057-421E-A477-E92C37542C34	Societe Air France
5	9385DF3D-627C-44DF-A0A0-2B8F25BEFF92	Air India
6	96F98C56-77C9-4C00-B101-2C57FB38F3EB	Air New Zealand
7	6512E4F9-B424-4975-80CE-6087F35B65CA	Air Transport International
8	90EBE851-B801-43DC-B8B9-DB9E116CA900	Alaska Airlines
9	721944CF-D00D-4331-9E8B-27929B7A2692	All Nippon Airways
10	AEFACC2F-0ECD-49B5-BF38-05A8DF7771F5	Asiana Airlines
11	1482B3C5-D91F-4215-AE75-1162D1A6DCA3	China Eastern Airlines
12	146FE118-F24F-40B7-AA50-CF7EB8C50133	Condor Flugdienst
13	8DBA3A55-A426-465F-A568-EE3F2DB515B6	Delta Air Lines
14	CC57F7EB-992F-4EFB-8EAC-67F7EDA6EAF7	Emirates
15	E5BF5462-BB3D-4FEF-8F29-F2D8EC963293	Eva Airways
16	6DC669CA-7D5E-467C-BA9C-4FDC64165E3A	Federal Express
17	9F84EE96-1707-4C25-9714-975625674626	Federal Express (Supplement 1)
18	26E43F0B-617A-4DCC-B3CC-0C69B7F4C0B4	Federal Express (Supplement 2)
19	51AC5CBA-C32E-4A09-AFE9-A14E1AE13E29	Federal Express (Supplement 3)
20	20504D4D-B775-49E7-886C-2B2BD7F9B475	Federal Express (Supplement 4)
21	6D6FF287-78E7-4758-B408-CE71934A2B69	Japan Airlines
22	9CEF5D92-2C31-4A88-A020-76F4D7F04C88	Kalitta Air
23	0C170CD4-3871-4B3B-B2CC-2EA34E9FF113	KLM Royal Dutch Airlines
24	5C3F906A-DDE9-487F-A553-2CAACC70B4A3	Korean Air Lines
25	FEB05A1D-9668-428E-BA8C-64F5849A7632	Lufthansa German Airlines
26	0ACA4047-93CB-4937-BA72-D20F0688CB99	Nippon Cargo Airlines
27	B4B25A33-C5A8-45A6-822E-DA0FB70DBC39	Scandinavian Airlines
28	2B594FFD-8433-4B82-BC7C-3E811033823D	Singapore Airlines
29	936048FC-68CD-43CA-91AC-13DDA6E3B08B	Southwest Airlines
30	51AF276F-BEC8-4C93-B715-F74B40350C47	Sun Country
31	60B36172-8671-4AAF-B4A1-C066ACE0297B	Turk Hava Yollari
32	D3D312E2-12C7-4529-8BE0-0B5E8E2EFD17	United Airlines
33	0FA5ECE6-EE14-4D33-9BB1-F46838BACF7C	Virgin Atlantic