

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 26-0076

AWARD OF THE 2023 LEASE AND USE AGREEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO AIRZETA CO., LTD. AND DIRECT THE DIRECTOR OF COMMISSION AFFAIRS TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL

- WHEREAS, a majority of airlines serving San Francisco International Airport (SFO or Airport) currently operate at the Airport pursuant to the 2023 Airline Lease and Use Agreement (2023 Lease), which commenced on July 1, 2023 for a ten-year term, and which replaced the previous 2011 Airline Lease and Use Agreement; and
- WHEREAS, AirZeta Co., Ltd. (AirZeta) commenced flight operations at the Airport on February 1, 2026, pursuant to Airline Operating and Space Permit No. 5155; and
- WHEREAS, AirZeta desires to operate as a signatory airline at the Airport by entering into a 2023 Lease, on the same terms and conditions as the other 2023 Lease signatories, except that the term will not commence until the first day of the calendar month following the receipt of full approvals of City, and will expire on the same expiration date of June 30, 2033; and
- WHEREAS, on October 6, 2022, the San Francisco Planning Department, Environmental Planning Division determined that the 2023 Lease is exempt from review under the California Environmental Quality Act (CEQA) (Public Resources Code Section 21000, et seq.), and Section 15061(b)(3) of the CEQA Guidelines as a common sense exemption (Planning Department under File No. 2022-09712ENV); now, therefore, be it
- RESOLVED, that this Commission hereby affirms and incorporates, by reference, the Planning Department's determination that the 2023 Lease is exempt from review under CEQA; and, be it further
- RESOLVED, that this Commission awards the 2023 Lease to AirZeta 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 Director of Commission Affairs is hereby directed to forward the 2023 Lease with AirZeta, Co., Ltd. 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

APR 7 2026


Director of Commission Affairs



MEMORANDUM

April 7, 2026

TO: AIRPORT COMMISSION
Hon. Malcolm Yeung, President
Hon. Susan Leal, Vice President
Hon. Jose F. Almanza
Hon. Mark Buell
Hon. Nancy Tung

6-0076

APR 7 2026

FROM: Airport Director

SUBJECT: Award of the 2023 Lease and Use Agreement to AirZeta Co., Ltd. at San Francisco International Airport

DIRECTOR'S RECOMMENDATION: AWARD THE 2023 LEASE AND USE AGREEMENT TO AIRZETA CO., LTD. AND DIRECT THE DIRECTOR OF COMMISSION AFFAIRS TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL UNDER SECTION 9.118 OF THE CHARTER OF THE CITY AND COUNTY OF SAN FRANCISCO.

Executive Summary

Korean Air Lines Co., Ltd. acquired Asiana Airlines, Inc. (Asiana) in December of 2024. As part of the acquisition, government regulators required Asiana to sell its cargo business to Air Incheon Co., Ltd. (Air Incheon), a cargo operator. Air Incheon commenced cargo flight operations at San Francisco International Airport (SFO or the Airport) on August 1, 2025 pursuant to an Airline Operating and Space Permit. On February 1, 2026, Air Incheon changed its name to AirZeta Co., Ltd. (AirZeta). AirZeta now desires to sign the 2023 Airline Lease and Use Agreement (2023 Lease).

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. The Airport and its Signatory Airlines agreed to the final form of the 2023 Lease in November 2022. All Signatory Airlines execute the same form of 2023 Lease, with only conforming changes reflecting the specific Signatory Airline and its demised premises.

Proposal

The major terms and conditions of the 2023 Lease to be awarded to AirZeta are as follows:

- **Term:** Commencing on the first day of the calendar month following receipt of full City approvals and expiring on June 30, 2033.

THIS PRINT COVERS CALENDAR ITEM NO. 10

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

DANIEL LURIE MAYOR	MALCOLM YEUNG PRESIDENT	SUSAN LEAL VICE PRESIDENT	JOSE F. ALMANZA	MARK BUELL	NANCY TUNG	MIKE NAKORNKHET AIRPORT DIRECTOR
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- **Rate-Making Methodology**: 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 Signatory Airline 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**: 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**: 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**: Commission has the right 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**: Nine-month review period of airline seat capacity for the purposes of allocating Preferential Use Gates, which encourages Preferential Use Gates to be used more consistently year-round.
- **Sustainable Aviation Fuel Working Group**: 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.
- **Digital Information Working Group**: 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 the guest experience.
- **Commercialization of Digital Assets**: Airport has the sole and exclusive right to control, manage, and exploit, for commercial and non-commercial purposes, all Airport Proprietary Content.

The 2023 Lease is offered to all airlines operating at SFO, including incumbents and new entrants, providing the opportunity to maintain or obtain Signatory Airline status at the Airport.

Staff now seeks Commission award of the 2023 Lease with AirZeta, subject to the approval of the Board of Supervisors under Section 9.118 of the Charter of the City and County of San Francisco.

Members, Airport Commission

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April 7, 2026

Environmental Review

On October 6, 2022, the San Francisco Planning Department, Environmental Planning Division determined that the 2023 Lease is exempt from review under the California Environmental Quality Act (CEQA) (Public Resources Code Section 21000, et seq.), and Section 15061(b)(3) of the CEQA Guidelines as a common sense exemption. This exemption determination is available from the Planning Department under File No. 2022-009712ENV. This action constitutes the Approval Action for the 2023 Leases in the attached Resolution for the purposes of CEQA pursuant to Section 31.04(h) of the San Francisco Administrative Code.

Recommendation

I recommend awarding the 2023 Lease and Use Agreement to AirZeta Co., Ltd. and directing the Director of Commission Affairs to forward the 2023 Lease to the Board of Supervisors for approval under Section 9.118 of the Charter of the City and County of San Francisco.

Sincerely,

DocuSigned by:

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Mike Nakornkhet
Airport Director

Prepared by: Kevin Bumen
Chief Commercial Officer

Attachment