



MEMORANDUM

October 1, 2019

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Malcolm Yeung

19-0244

OCT 01 2019

FROM: Airport Director

SUBJECT: Award of the Harvey Milk Terminal 1 Boarding Area C Food and Beverage Kiosk Lease, a Small Business Enterprise Set-Aside, to Park Café Group, Inc.

DIRECTOR'S RECOMMENDATION: (1) AWARD THE HARVEY MILK TERMINAL 1 BOARDING AREA C FOOD AND BEVERAGE KIOSK LEASE, A SMALL BUSINESS ENTERPRISE SET-ASIDE, TO PARK CAFÉ GROUP, INC.; AND (2) DIRECT THE COMMISSION SECRETARY TO REQUEST APPROVAL OF THE LEASE FROM THE BOARD OF SUPERVISORS.

Executive Summary

The competitive proposal evaluation process for the Harvey Milk Terminal 1 Boarding Area C Food and Beverage Kiosk Lease, a Small Business Enterprise Set-Aside (Lease), has concluded and Staff recommends awarding the Lease to Park Café Group, Inc.

Background

On April 2, 2019, by Resolution No. 19-0074, the Airport Commission (Commission) authorized Staff to commence the competitive process through a Request for Proposals (RFP) for the Lease. The Lease is for a food and beverage kiosk located near Gate 41 Boarding Area C in Harvey Milk Terminal 1 and has a lease term of 10 years.

On May 8, 2019, Staff conducted an informational conference where terms of the Lease were presented, which was attended by 75 business entities and over 90 individuals interested in the opportunity (Interested Parties). Staff gathered feedback from the Interested Parties and clarified or considered modified business terms where appropriate.

On June 18, 2019, by Resolution No. 19-0154, the Commission approved the revised lease specifications, minimum qualifications and proposal requirements and authorized Staff to accept proposals. In response to the RFP, the Airport received seven proposals by the July 24, 2019 Submittal Deadline.

THIS PRINT COVERS CALENDAR ITEM NO. 3

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED MAYOR LARRY MAZZOLA PRESIDENT LINDA S. CRAYTON VICE PRESIDENT ELEANOR JOHNS RICHARD J. GUGGENHIME MALCOLM YEUNG IVAR C. SATERO AIRPORT DIRECTOR

Staff determined that the seven proposals met the RFP's minimum qualifications, and convened a four-member evaluation panel to review and score the proposals. The panel consisted of the following: an Airport Business Development Manager, a Senior Aviation Consultant, a Manager of San Francisco Terminal Equipment Company and a San Francisco International Airport Project Manager.

The evaluation panel's selection for the highest-ranking, responsive, and responsible proposer is identified below, along with all other qualifying proposers for the Lease.

PROPOSER	CONCEPT	SCORE
<u>Highest Ranking:</u>		
Park Café Group, Inc.	Dolores Park Café at SFO	80.47
High Fly Foods, LLC	Illy Café	74.07
Sidewalk Juice SFO, LLC	Sidewalk Juice	67.93
Rylo Management	Sextant Coffee Roasters	66.27
JRenee LLC and Steven Maltz	Bagel & Brew	66.13
Mikey's Supermarket, LLC	Elixiria	55.87
DBDB Enterprise, LLC	Dragon Beaux	48.60

The Minimum Annual Guarantee (MAG) for the first lease year is \$240,000.00. Base rent is the greater of the MAG (adjusted annually) or the following tiered percentage rent: 6% of Gross Revenues achieved up to and including \$1,000,000.00; plus 8% of Gross Revenues achieved from \$1,000,000.01 up to and including \$1,500,000.00; plus 10% of Gross Revenues achieved over \$1,500,000.00. The lease term is 10 years.

Park Café Group, Inc. is owned and operated by Rachel Herbert. The company is a woman-owned, local small business, and this will be its first lease at the Airport.

Recommendation

I recommend the Commission: (1) award the Harvey Milk Terminal 1 Boarding Area C Food and Beverage Kiosk Lease, a Small Business Enterprise Set-Aside, to Park Café Group, Inc.; and (2) direct the Commission Secretary to request approval of the Lease from the Board of Supervisors.



Ivar C. Satero
Airport Director

Prepared by: Leo Fermin
Chief Business & Finance Officer

Attachments

Attachment 1

HARVEY MILK TERMINAL 1 BOARDING AREA C FOOD AND BEVERAGE KIOSK LEASE, A SMALL BUSINESS ENTERPRISE SET-ASIDE

