

[Airport Food & Beverage Minimum Annual Guarantee and Pre-Security Percentage Rent Reduction Program]

Resolution approving the Food and Beverage Minimum Annual Guarantee and Pre-Security Rent Reduction Program for Food & Beverage Concession Tenants allowing the San Francisco International Airport to enter into lease amendments to lower the minimum annual guarantees for 18 of 69 food & beverage leases, lower the percentage rent structure for seven pre-security leases, and alter the annual minimum annual guarantee adjustment methodology for all food and beverage leases

WHEREAS, There are 69 food & beverage lease (F&B Leases) at the San Francisco International Airport (Airport), and base rent (Base Rent) on an annual basis is the greater of a tiered percentage of gross sales (Percentage Rent) or a Minimum Annual Guarantee (MAG), with the exception of the Sky Terrace Employee Café which has a tiered Percentage Rent only; and

WHEREAS, 18 of 69 F&B Leases feature MAGs that are substantially higher than what is considered market rent; and

WHEREAS, The F&B Leases covering pre-security locations feature MAGs and Percentage Rent which are higher than what is considered market rent; and

WHEREAS, The MAG is adjusted annually based on a Consumer Price Index (CPI) resulting in a continual increase in rent which is outpacing consumer spending growth; and

WHEREAS, It is in the best interest of the Airport to preserve these business deals, maintain high quality food and beverage offerings for the traveling public, and support local employment by taking measures to ensure the leases are financially viable; and

1 WHEREAS, To address these issues, Staff proposed to the Airport Commission
2 (Commission) enacting the Food & Beverage Minimum Annual Guarantee and Pre-Security
3 Rent Reduction Program to normalize the MAG and Percentage Rent payments due under
4 these F&B Leases (Program); and

5 WHEREAS, The Program consists of: (1) establishing MAG for qualifying post-security
6 F&B Lease locations for calendar year 2026 as the lesser of existing MAG or 12% of gross
7 revenues for calendar year 2024, (2) establishing MAG for qualifying pre-security F&B Lease
8 locations for calendar year 2026 as the lesser of existing MAG or 6% of gross revenues for
9 calendar year 2024, (3) establishing Percentage Rent for qualifying pre-security F&B Lease
10 locations at 6% effective January 1, 2026, and (4) beginning in 2026, change the method for
11 adjusting MAG for all F&B Leases from using a specified CPI to the more common practice in
12 the industry of MAG being adjusted each new Lease Year to be the greater of existing MAG
13 or 85% of the prior year's Base Rent; and

14 WHEREAS, In order to qualify for a MAG reduction under the Program, 2024 MAG for
15 a post-security F&B Lease location must be in excess of 12% of gross revenues, or 2024
16 MAG for a pre-security F&B Lease location must be in excess of 6% of gross revenues, with
17 all pre-security F&B Lease locations being eligible for the Percentage Rent reduction with the
18 exception of the Sky Terrace Employee Café; and

19 WHEREAS, On August 19, 2025, by Resolution No. 25-0130, the Airport Commission
20 approved the Food & Beverage Minimum Annual Guarantee and Pre-Security Percentage
21 Rent Reduction Program; now, therefore, be it

22 RESOLVED, That this Board of Supervisors approves the Food & Beverage Minimum
23 Annual Guarantee Reduction and Pre-Security Percentage Rent Reduction Program by the
24 execution of appropriate amendments to each of the Food & Beverage leases listed on
25 Attachment A attached to the Airport Director's memorandum which accompanies this

1 Resolution, which is included in Board of Supervisors in File No. 251170; and, be it

2 FURTHER RESOLVED, That within thirty (30) days of the amendments being fully
3 executed by all parties, the Commission shall provide the final amendments to the Clerk of the
4 Board for inclusion into the official file.

Attachment A

Food & Beverage Concessions

	Tenant Entity and Lease Number	Concept	MAG and/or Percentage Rent Reduction. Exceptions to MAG Adjustment Methodology Change	Local Ownership
1	Amoura International, Inc. Lease No. 16-0312	Amoura Café		X
2	Amoura International, Inc. Lease No. 23-0236	Taste of the City		X
3	Amy's Kitchen Restaurant Operating Company, LLC Lease No. 18-0211	Amy's Drive Thru	MAG reduced	X
4	Andale Management Group, Inc. Lease No. 10-0034	Andale	Opting out of MAG Adjustment Methodology Change	X
5	Andale Management Group, Inc. Lease No. 16-0012	Valencia St. Station	MAG reduced	X
6	Andre-Boudin Bakeries, Inc. Lease No. 17-0239	Boudin Bakery	Opting out of MAG Adjustment Methodology Change	X
7	Asian Box Palo Alto, LLC Lease No. 16-0015	Asian Box		X
8	Bayport Concessions, LLC Lease No. 03-0183	Koi Palace		X
9	BJ Annex, LLC Lease No. 10-0035	Burger Joint	Opting out of MAG Adjustment Methodology Change	X

10	Black Point Coffee SFO, LLC Lease No. 17-0254	Black Point Café		X
11	Bun Mee, LLC Lease No. 18-0209	Bun Mee		X
12	Bun Mee, LLC Lease No. 16-0313	Bun Mee		X
13	Burger Joint, Inc. Lease No. 03-0199	Mission Bar & Grill	Opting out of MAG Adjustment Methodology Change	X
14	Culinary Heights Hospitality Lease No. 20-0043	Ritual Coffee	Opting out of MAG Adjustment Methodology Change	X
15	Elevate Gourmet Brands, Inc. and Aimhigh ESG, LLC, a joint venture d.b.a. Elevate Gourmet Brands Gourmet Brands - SFO Group Lease No. 18-0346	Green Beans		X
16	Elevate Gourmet Brands - SFO Group Lease No. 19-0247	Pronto!	MAG reduced	X
17	Elevate Gourmet Brands, Inc. dba Pronto! Lease No. 03-0184	Pronto!		X
18	Elevated Tastes SFO Inc Lease No. 16-0016	Tomokazu		X
19	Gate 74, Inc. Lease No. 03-0189	Burger King		X
20	Gate 74, Inc. Lease No. 16-0311	Proposition Chicken	MAG reduced	X
21	Gate 74, Inc. Lease No. 16-0314	Sushirrito Express		X

22	Gateside, LLC Lease No. 18-0217	Gateside Market	Opting out of MAG Adjustment Methodology Change	X
23	Gotham Enterprises, LLC Lease No. 10-0030	Peet's Coffee locations in T2		X
24	Gotham Enterprises, LLC Lease No. 03-0193	Peet's Coffee in T3		X
25	Guava & Java (SFO), Inc. Lease No. 03-0191	Two Dogpatch Bakehouse locations		X
26	Guava & Java (SFO), Inc. Lease No. 23-0197	Two Black Point Coffee locations		X
27	HBF Soto JV, LLC Lease No. 10-0031	Cat Cora		X
28	HBF Soto JV, LLC Lease No. 10-0036	The Plant Organic Café, Pinkberry		X
29	Heigh Connects, LLC Lease No. 20-0044	Poke to the Max	MAG reduced	X
30	HFF-BRH-SFO, LLC Lease No. 16-0316	Farmerbrown	MAG reduced	X
31	High Flying Foods SFO, LLC Lease No. 16-0013	Gott's Roadside		X
32	Joe & the Juice New York, LLC Lease No. 16-0018	Joe & The Juice		
33	Lady Luck Gourmet, LLC Lease No. 18-0215	Mama Go's Filipino Cuisine		X
34	Marina's Café Lease No. 12-0221	Marina's Cafe		X
35	Paradies Lagardere @ SFO (F&B), LLC Lease No. 18-0212	Bourbon Pub		X
36	Park Cafe Group, Inc. Lease No. 19-0244	Dolores Park Café		X

37	Proper Food SFO Airport, LLC Lease No. 20-0041	Proper Food	Opting out of MAG Adjustment Methodology Change	X
38	Rylo Management, LLC Lease No. 19-0054	Farley's Community Cafe	MAG reduced	X
39	San Francisco Soup Co. Lease No. 16-0309	Ladle and Leaf		X
40	Sankaku, Inc. Lease No. 03-0180	Sankaku		X
41	Sankaku, Inc. Lease No. 10-0033	Wakaba		X
42	SF Foodways, LLC Lease No. 18-0216	Flyaway by Drake's Brewing Co.		X
43	SF Uncork'd, LLC Lease No. 12-0089	SF Uncork'd		X
44	Sidewalk Juice SFO, LLC Lease No. 19-0245	Sidewalk Juice	Opting out of MAG Adjustment Methodology Change	X
45	Silver Dragon Cafe, LLC Lease No. 16-0310	Bacon Bacon		X
46	Soaring Food Group, LLC Lease No. 18-0214	Illy Caffé	MAG reduced	X
47	SSP America, Inc. Lease No. 16-0017	1300 on Fillmore	MAG reduced	X
48	SSP America, Inc. Lease No. 18-0074	Sweet Maple	MAG reduced	X
49	SSP America, Inc. Lease No. 18-0210	The Little Chihuahua	MAG reduced	X
50	SSP America, Inc. Lease No. 17-0238	Marina's Café, Manufactory Food Hall	MAG reduced	X
51	SSP America, Inc. Lease No. 03-0200	Union Street Gastropub		X

52	Tastes on the Fly San Francisco, LLC Lease No. 03-0192	Two Klein's Deli locations		X
53	Tastes on the Fly San Francisco, LLC Lease No. 10-0029	Napa Farms Market, Volo Volo		X
54	Tastes on the Fly San Francisco, LLC Lease No. 23-0235	Perry's		X
55	Tastes on the Fly San Francisco, LLC Lease No. 16-0315	San Francisco Giants Club House		X
56	Tastes on the Fly San Francisco, LLC Lease No. 18-0213	Starbird		X
57	Tastes on the Fly San Francisco, LLC Lease No. 10-0032	The Grill by Lark Creek		X
58	Tastes on the Fly SFO International, LLC Lease No. 16-0014	Mustards Bar & Grill, Napa Farms Market		X
59	Tastes on the Fly San Francisco, LLC Lease No. 23-0234	SF Eats Food Hall		X
60	Urban Tortilla, Inc Lease No. 03-0187	Urban Tortilla		X

	Tenant Entity and Lease Number	Concept	MAG and/or Percentage Rent Reduction	Local Ownership
61	Bayport Concessions, LLC Lease No. 16-0021	Koi Palace Express	MAG and Percentage Rent reduced	X
62	Elevate Gourmet Brands - SFO Group Lease No. 14-0046	Pronto!	MAG and Percentage Rent reduced	X
63	Host International, Inc. Lease No. 16-0023	Starbucks - Arrivals	Percentage Rent reduced	X
64	IOC Design and Consulting, LLC Lease No. 24-0270	Panda Express	New lease, already contains updated MAG adjustment methodology	X
65	SF Foodways, LLC Lease No. 16-0022	Potrero Grill & Tapas & Taps	MAG and Percentage Rent reduced	X
66	SSP America SFO, LLC Lease No. 16-0020	Roasting Plant	MAG and Percentage Rent reduced	X
67	SSP America, Inc. Lease No. 16-0024	Wendy's	MAG and Percentage Rent reduced	X
68	Sky Terrace, LLC Lease No. 19-00230	Sky Terrace Employee Cafe	Percentage rent only lease, MAG adjustment methodology not needed	X
69	World Duty Free Group North America, LLC Lease No. 12-0085	Green Beans	MAG and Percentage Rent reduced	X



City and County of San Francisco

Tails Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 251170

Date Passed: January 13, 2026

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January 07, 2026 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

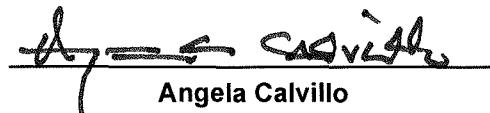
January 07, 2026 Budget and Finance Committee - RECOMMENDED AS AMENDED

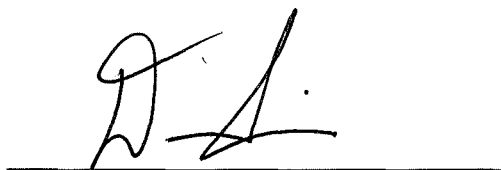
January 13, 2026 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Chen, Dorsey, Fielder, Mahmood, Mandelman, Melgar, Sauter, Sherrill, Walton and Wong

File No. 251170

I hereby certify that the foregoing
Resolution was ADOPTED on 1/13/2026 by
the Board of Supervisors of the City and
County of San Francisco.


Angela Calvillo
Clerk of the Board


Daniel Lurie
Mayor

11/23/26
Date Approved