

1 [COVID-19 Lease Extension Program for Terminal 3 Boarding Area F Café Lease]

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3 **Resolution approving the COVID-19 Lease Extension Program for the Terminal 3**  
4 **Boarding Area F Café Lease, a Small Business Enterprise Set-Aside, Lease No.**  
5 **19-0054 (Lease), at the San Francisco International Airport by and between Rylo**  
6 **Management, LLC DBA Farley’s Community Café, as tenant, and City and County of**  
7 **San Francisco, acting by and through its Airport Commission, as landlord, providing**  
8 **for a lease extension of two years and four months for a total term of October 19,**  
9 **2019, through October 31, 2024.**

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11 WHEREAS, Flight and passenger activity immediately and dramatically declined after  
12 the March 11, 2020, COVID-19 pandemic declaration by the World Health Organization; and

13 WHEREAS, COVID-19 was declared a national emergency by President Donald  
14 Trump on March 13, 2020, and public health officials in six Bay Area Counties, including San  
15 Francisco and San Mateo, issued a Shelter-In-Place order on March 17, 2020; and

16 WHEREAS, The number of food and beverage, retail, and service concession locations  
17 in operation at the Airport dropped from 149 to 27 within days of the Shelter-In-Place order;  
18 and

19 WHEREAS, All concessions locations have opened, however, passenger activity was  
20 still down 18.2% at the end of Fiscal Year 2023 as compared to Fiscal Year 2019, the last full  
21 fiscal year before the pandemic began; and

22 WHEREAS, Concessionaires received financial relief in the form of Minimum Annual  
23 Guarantee, rent, and fee waivers for a portion of the period since the pandemic began, funded  
24 by federal stimulus and grant programs; and

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1           WHEREAS, The concessionaires entered into their leases based upon a projected pre-  
2 pandemic level of enplanements, and while the federal relief given provided valuable near  
3 term relief, it did not address the four to five-year recovery period which has placed leases in  
4 a different financial position than what was originally underwritten by the concessionaires; and

5           WHEREAS, Lease extensions are an appropriate means to help concessions tenants  
6 mitigate business losses incurred during and after the pandemic by allowing a longer period  
7 for the amortization of tenant improvement costs, and providing an opportunity for recouping  
8 businesses losses in the latter years of their leases when enplanements are projected to be  
9 higher; and

10           WHEREAS, On September 5, 2023, by Resolution No. 23-0224, the Airport  
11 Commission authorized the Airport Director to implement the COVID-19 Lease Extension  
12 Program (Program) by executing lease amendments extending the term for 88 food and  
13 beverage, retail, and service concession tenants that had an active lease during the COVID-  
14 19 pandemic or opened during the pandemic and which are currently operating; and

15           WHEREAS, On December 19, 2023, by Resolution No. 23-0302, the Airport  
16 Commission approved the Program for Tenant, as provided in the Airport Director's  
17 memorandum which accompanies this Resolution; and

18           WHEREAS, As a condition of participating in the Program and receiving the lease  
19 extension, Tenant will also be required to comply with (i) updated City and County of San  
20 Francisco contracting requirements; (ii) the Airport's revised Rule 12.3 (Prevailing Wage  
21 Requirements - Covered Tenant Construction); and (iii) the Airport's revised Rule 12.1 (Labor  
22 Peace/Card Check Rule); now, therefore, be it

23           RESOLVED, That this Board of Supervisors approves the COVID-19 Lease Extension  
24 Program providing for a lease extension of two years and four months of the Terminal 3  
25 Boarding Area F Café Lease, A Small Business Enterprise Set-Aside, Lease No. 19-0054 with

1 Rylo Management, LLC, and on terms consistent with the Airport Director's memorandum  
2 which accompanies this Resolution, which is included in Board of Supervisors in File  
3 No. 240255; and, be it

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

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