San Francisco International Airport

MEMORANDUM
August 15, 2023

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

23-0197

AUG 15 2023

FROM: Airport Director

SUBJECT: Award of Terminal 2 Coffee Café Lease

DIRECTOR'S RECOMMENDATION: (1) AWARD THE TERMINAL 2 COFFEE CAFÉ LEASE TO GUAVA & JAVA SFO, INC. DBA BLACK POINT CAFÉ AND LA COLOMBE COFFEE ROASTERS, AND (2) DIRECT THE COMMISSION SECRETARY TO REQUEST APPROVAL OF THE LEASE FROM THE BOARD OF SUPERVISORS UNDER SECTION 9.118 OF THE CHARTER OF THE CITY AND COUNTY OF SAN FRANCISCO.

Executive Summary

The competitive selection process for the Terminal 2 Coffee Café Lease has concluded, and Staff recommends the award of the Terminal 2 Coffee Café Lease to Guava & Java SFO, Inc. dba Black Point Café and La Colombe Coffee Roasters.

Background

On July 19, 2022, by Resolution No. 22-0120, the Airport Commission (Commission) authorized Staff to commence the Request for Proposals (RFP) process for the Lease consisting of one pre-security and one post-security location. The Lease originally had a 10-year base term with two 1-year options to extend the term, exercisable at the sole discretion of the Commission.

Staff issued the RFP and conducted an informational conference on February 1, 2023, where the opportunity was presented to the interested parties. Forty-six attendees representing 21 business entities attended. Staff gathered feedback from the attendees and evaluated requests for changes to the business terms where appropriate.

On April 18, 2023, by Resolution No. 23-0109, the Commission approved the revised lease specifications by extending the term from 10 to 12 years, and authorized Staff to accept proposals for the Lease. In response to the RFP, the Airport received five proposals by the June 8, 2023 submittal deadline.

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Staff determined that all five proposals met the RFP's minimum qualifications.

A three-member evaluation panel was convened to review and score the qualifying proposals. The panel consisted of the following: a Director of Station Operations with Alaska Airlines, a Deputy Assistant Federal Security Director with Homeland Security, and the Director of Social Responsibility, Strategy and Social Impact, an Airport Commission staff member.

The Airport's financial consultant scored the business plan and financial pro forma for each proposal.

The selection for the highest-ranking, responsive, and responsible proposer is identified below.

PROPOSER	CONCEPT NAME	SCORE
Highest-Ranking: Guava & Java SFO, Inc.	Black Point Café and La Colombe Coffee Roasters	95.00
Sidewalk SFO, LLC dba Sidewalk Cafe	Sidewalk Café featuring Verve Coffee Roasters	93.00
Bambuza South Waterfront, LLC dba Bambuza Hospitality Group	The Coffee Bean & Tea Leaf	91.67
Red Bay Coffee SFO, LLC	Red Bay Coffee	86.67
Park Café Group, Inc.	Starbucks	84.67

The highest-ranking proposer is Guava & Java SFO, Inc. that will operate under two different concepts for the two locations under the Lease. The pre-security location will operate as Black Point Café, and the post-security location will operate as La Colombe Coffee Roasters, a new coffee concept to the Airport.

Guava & Java SFO, Inc. dba Black Point Café and La Colombe Coffee Roasters is owned by Rita Bhasker and David Sterling. They currently own and operate three other locations at SFO, including Dog Patch Bake House and Café in Harvey Milk Terminal 1 Boarding Area C and Terminal 3 Boarding Area E. They also own and operate Black Point Café in the International Terminal Boarding Area A.

Base Rent under the Leases is the greater of the Minimum Annual Guarantee (MAG) of $420,000 or

- 6% of Gross Revenues achieved up to and including $1,500,000.00, plus,
- 8% of Gross Revenues achieved from $1,500,000.01 up to and including $2,500,000.00, plus,
- 10% of Gross Revenues achieved over $2,500,000.00.

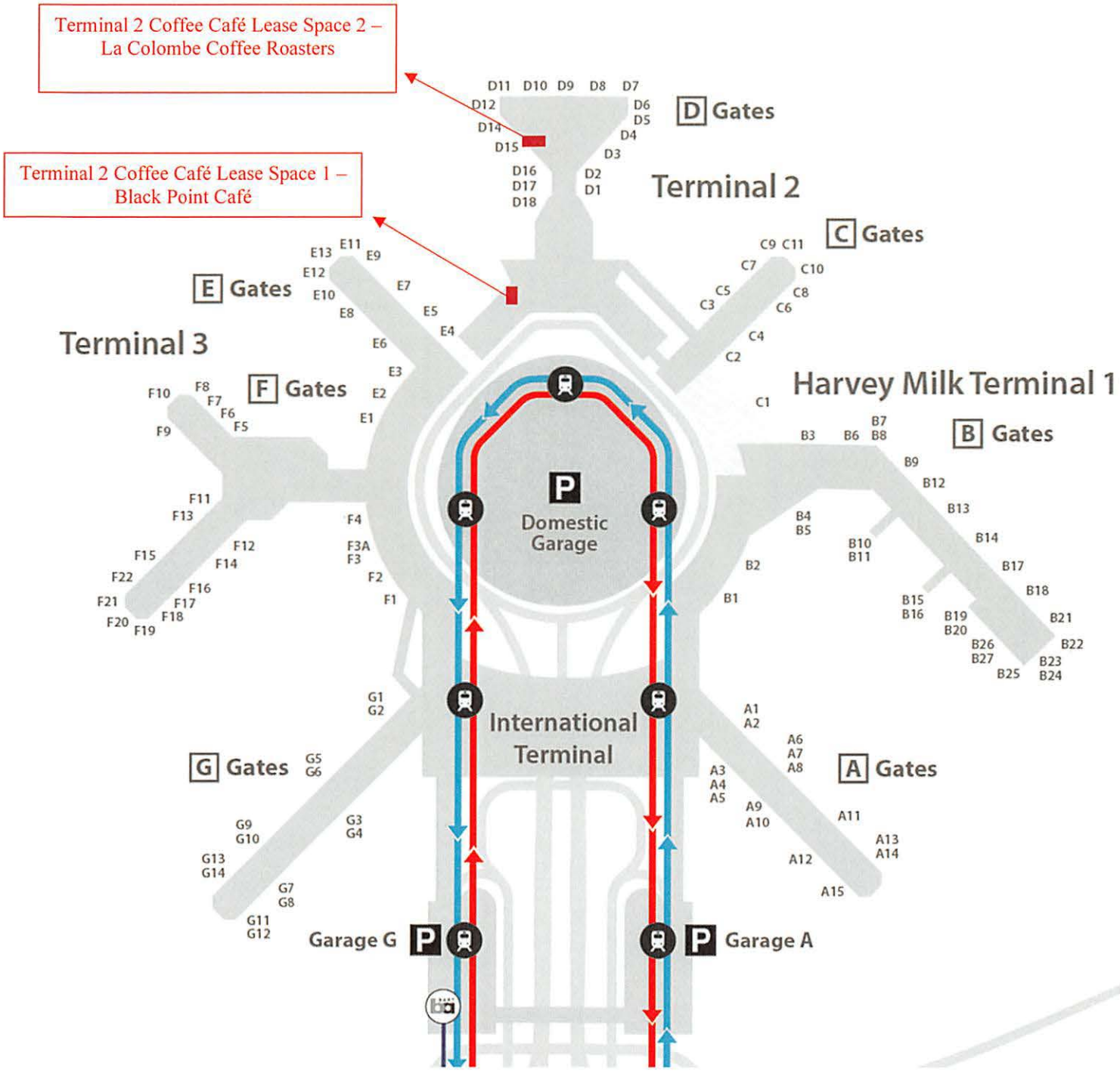
Recommendation

I recommend this Commission (1) award the Terminal 2 Coffee Café Lease to Guava & Java SFO, Inc. dba Black Point Café and La Colombe Coffee Roasters; and (2) direct the Commission Secretary to request approval of the Lease from the Board of Supervisors pursuant to 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

Terminal 2 Coffee Café Lease