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SAN FRANCISCO INTERNATIONAL AIRPORT

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

26-0071
APR 7 2026

FROM: Airport Director

SUBJECT: Award of the Harvey Milk Terminal 1 & Terminal 3 Traveler's Retreat Lease to Hotelzo, LLC

DIRECTOR'S RECOMMENDATION: AWARD THE HARVEY MILK TERMINAL 1 & TERMINAL 3 TRAVELER'S RETREAT LEASE TO HOTELZO, LLC AND DIRECT THE DIRECTOR OF COMMISSION AFFAIRS 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.

Executive Summary

The competitive process for the Harvey Milk Terminal 1 & Terminal 3 Traveler's Retreat Lease (Lease) has concluded, and Staff recommends award of the Lease to Hotelzo, LLC (Hotelzo).

Background

On July 1, 2025, by Resolution No. 25-0099, the Airport Commission (Commission) authorized Staff to commence the competitive selection process and to accept proposals for the Lease through the Request for Proposals (RFP) process.

Staff issued the RFP and conducted an informational conference at which the Lease opportunity was presented to the interested parties. Staff gathered feedback from those in attendance and evaluated requests for changes to business terms where appropriate.

On October 7, 2025, by Resolution No. 25-0169, the Commission approved one revision to the minimum qualifications for this opportunity.

In response to the RFP, the Airport received three proposals by the November 12, 2025 submittal deadline. Due to an error in the online portal for submission of proposals, all proposals received were rejected.

The RFP was re-issued on January 9, 2026 with the same minimum qualifications and business terms, and the Airport received the same three proposals by the February 4, 2026 submittal deadline.

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A four-member evaluation panel was convened to review and score the qualifying proposals. The panel consisted of the following: a Director of Station Operations from an Airline operator, a Director from SFO Financial Planning and Analysis, a Manager from SFO Airport Services, and an SFO Manager from Budget and Capital Planning. The evaluation panel's score is presented below:

Proposer	Concept Name	Score
Hotelzo, LLC	Wait n' Rest / The Lost Gate	85.67
PPL Holdings (USA) LLC	Aerotel	79.00
Rest & Leisure LLC	Sleep & Shower/Sonoma & Sleep	70.67

Hotelzo is the highest-ranking responsible proposer. Hotelzo will operate the smaller of the two spaces in Terminal 3 under the "Wait n' Rest" concept only offering private rooms, showers, and limited retail, all of which would relate to the concept. The larger space in Harvey Milk Terminal 1 will include a lounge under "The Lost Gate" concept, offering food and beverages behind an opaque storefront and primarily available to users of the private rooms.

The Minimum Annual Guarantee (MAG) for the first lease year is $350,000.00 for both locations. Base rent is the higher of the MAG or the sum of the following percentage rent from both locations:

- 12% of Gross Revenues from sleep and shower services fees, lounge entry fees, and retail merchandise sales; plus
- 8% of Gross Revenues from food and beverage sales within the lounge.

The term for the Lease is 12 years. Hotelzo has built and operated multiple sleep and rest concepts at El Dorado International Airport, Bogota, Columbia over three years. Hotelzo opened one of two Wait n' Rest locations in Miami International Airport (MIA) last month and will be opening the second MIA location in June 2026. The Toronto Pearson International Airport will have three Wait n' Rest locations, scheduled to open in May 2026.

Recommendation

I recommend the Commission award the Harvey Milk Terminal 1 & Terminal 3 Traveler's Retreat Lease to Hotelzo, LLC and direct the Director of Commission Affairs 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.

Sincerely,

DocuSigned by:
Mike Nakornkhet
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Mike Nakornkhet
Airport Director

Prepared by: Kevin Bumen
Chief Commercial Officer

Attachments

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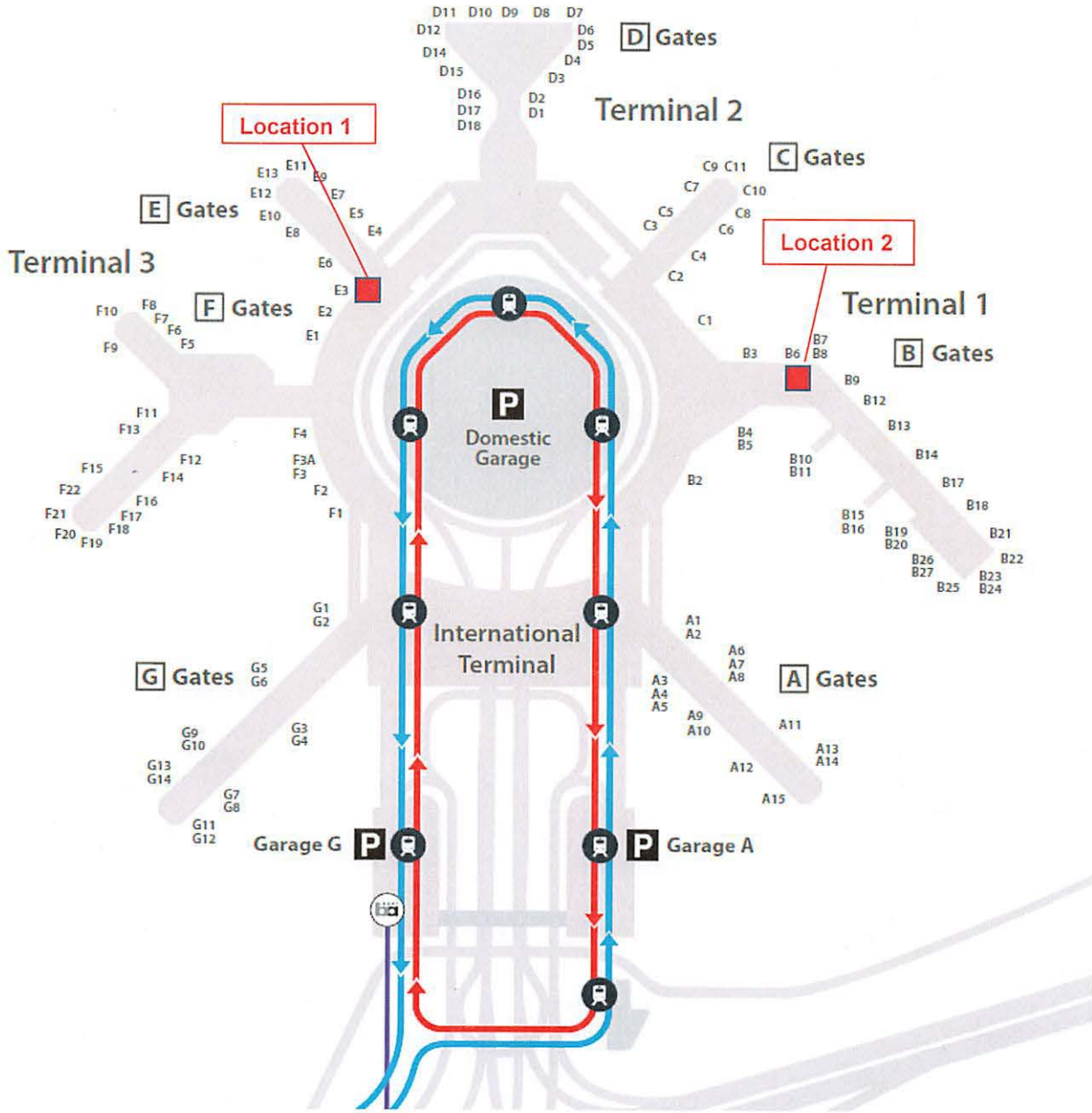
Attachment 1

Harvey Milk Terminal 1 & Terminal 3 Traveler's Retreat Lease

Location 1: Approximately 1,300 sq ft, post-security, Boarding Area E, Terminal 3
Location 2: Approximately 3,054 sq ft, post-security, Boarding Area B, Harvey Milk Terminal 1