



San Francisco International Airport

MEMORANDUM

August 7, 2018

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Award of the Electronics Store Lease in International Terminal Boarding Area A to InMotion Entertainment Group, LLC

DIRECTOR'S RECOMMENDATION: (1) AWARD THE ELECTRONICS STORE LEASE IN INTERNATIONAL TERMINAL BOARDING AREA A TO INMOTION ENTERTAINMENT GROUP, LLC FOR A TERM OF 10 YEARS AND A MINIMUM ANNUAL GUARANTEE OF \$340,000.00 FOR THE FIRST YEAR OF THE LEASE TERM; AND (2) DIRECT THE COMMISSION SECRETARY TO REQUEST APPROVAL OF THE LEASE FROM THE BOARD OF SUPERVISORS.

Executive Summary

The competitive selection process for the Electronics Store Lease in International Terminal Boarding Area A has concluded. I recommend awarding the Lease to InMotion Entertainment Group, LLC ("InMotion").

Background

On March 6, 2018, the Airport Commission ("Commission") adopted Resolution No. 18-0057 authorizing Staff to commence the Request for Proposals ("RFP") process for the Electronics Store Lease in International Terminal Boarding Area A ("Lease"). Staff presented the Lease to interested parties and gathered their feedback at an informational conference on April 4, 2018.

By Resolution No. 18-0152, adopted May 15, 2018, the Commission approved the revised minimum qualification requirements, and authorized Staff to accept proposals for the Lease. In response to the RFP, the Airport received one proposal by the June 20, 2018 submittal deadline from InMotion. Staff determined that the proposal met the RFP's minimum qualifications.

Staff convened a three-member panel to evaluate the proposal. The panel consisted of the following: an SFO Aviation Security Supervisor, a manager in SFO's Capital Finance Department, and a Senior Property Manager at Mineta San Jose International Airport. The evaluation panel determined that the proposer was responsive and responsible.

THIS PRINT COVERS CALENDAR ITEM NO. 2

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 PETER A. STERN IVAR C. SATERO AIRPORT DIRECTOR

The Minimum Annual Guarantee (“MAG”) proposed for the first year of the Lease is \$340,000.00, and rent will be the greater of the MAG or percentage rent. The term of the Lease is 10 years. InMotion is based in Florida and currently has four leases at the Airport, in addition to numerous locations at airports nationwide. InMotion has formed a joint venture partnership with APW Holdings, LLC, an Airport Concession Disadvantaged Business Enterprise (“ACDBE”) certified company for this Lease. APW Holdings, LLC will have 10% ownership.

Recommendation

I recommend that the Commission: (1) award the Electronics Store Lease in International Terminal Boarding Area A to InMotion Entertainment Group, LLC for a term of 10 years and a Minimum Annual Guarantee of \$340,000.00 for the first year of the lease term; 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