



MEMORANDUM

March 19, 2019

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Malcolm Yeung

FROM: Airport Director

SUBJECT: Award of the Terminal 3 Boarding Area F Café Lease, a Small Business Enterprise Set-Aside, to Rylo Management, LLC

DIRECTOR'S RECOMMENDATION: (1) AWARD THE TERMINAL 3 BOARDING AREA F CAFÉ LEASE, A SMALL BUSINESS ENTERPRISE SET-ASIDE, TO RYLO MANAGEMENT, LLC; AND (2) DIRECT THE COMMISSION SECRETARY TO REQUEST APPROVAL OF THE LEASE FROM THE BOARD OF SUPERVISORS.

Executive Summary

The competitive proposal evaluation process for the Terminal 3 Boarding Area F Café Lease, a Small Business Enterprise Set-Aside, has concluded and award is recommended to Rylo Management, LLC.

Background

On October 16, 2018, by Resolution No. 18-0347, the Airport Commission (Commission) authorized Staff to commence the competitive selection process for the Terminal 3 Boarding Area F Café Lease - a Small Business Enterprise Set-Aside (Lease), through a Request for Proposals (RFP). The Lease is for a café located next to Gate 86 at the end of Boarding Area F in Terminal 3, and has a lease term of ten years.

On November 15, 2018, Staff conducted an informational conference and presented the proposed form of Lease to the interested parties. Staff gathered feedback from potential proposers. No substantive comments or recommendations were offered by the interested parties, so Staff recommended no changes to the minimum qualification requirements or lease specifications.

On December 18, 2018, by Resolution No. 18-0396, the Commission approved the minimum qualification requirements and lease specifications, and authorized Staff to accept proposals.

In response to the RFP, the Airport received four proposals by the January 30, 2019 submittal deadline. Two of the proposals were disqualified and not scored. One proposal was disqualified for failure to meet the minimum qualifications, and the second proposal was disqualified for submitting an incomplete proposal.

THIS PRINT COVERS CALENDAR ITEM NO. 4

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 MALCOLM YEUNG IVAR C. SATERO AIRPORT DIRECTOR

Staff determined that two remaining proposals met the RFP's minimum qualifications, and convened a four-member evaluation panel to review and score the proposals. The panel consisted of the following: an Airport Business Development Manager at Santa Barbara Airport, an Assistant Manager of Concessions at Orlando International Airport, a Senior Aviation Management Consultant of Commercial Planning, and a San Francisco International Airport Project Manager. The evaluation panel selected Rylo Management, LLC as the highest-ranking, responsive, and responsible proposer.

The scores for the qualified proposers, Rylo Management, LLC and AnnePort, Inc., are listed below.

PROPOSER	CONCEPT	SCORE
Highest Ranking: Rylo Management, LLC	Farley's Community Café	81.13
AnnePort, Inc.	Auntie Anne's & Cinnabon	70.53

The Minimum Annual Guarantee (MAG) for the first lease year is \$310,000.00. Base rent is the greater of the MAG (adjusted annually) or the following tiered percentage rent:

- 8% of Gross Revenues achieved up to and including \$500,000.00; plus
- 10% of Gross Revenues achieved from \$500,000.01 up to and including \$1,000,000.00; plus
- 12% of Gross Revenues achieved over \$1,000,000.00.

The term is ten years.

Rylo Management, LLC is owned and operated by Gina Graziano, a woman-owned, local small business and certified Airport Concession Disadvantaged Business Enterprise. This will be Rylo Management, LLC's second lease with the Airport. They currently operate Three Twins Café located in Boarding Area C of Terminal 1.

Recommendation

I recommend the Commission: (1) award the Terminal 3 Boarding Area F Café Lease - a Small Business Enterprise Set-Aside, to Rylo Management, LLC; and (2) direct the Commission Secretary to request approval of the Lease from the Board of Supervisors.



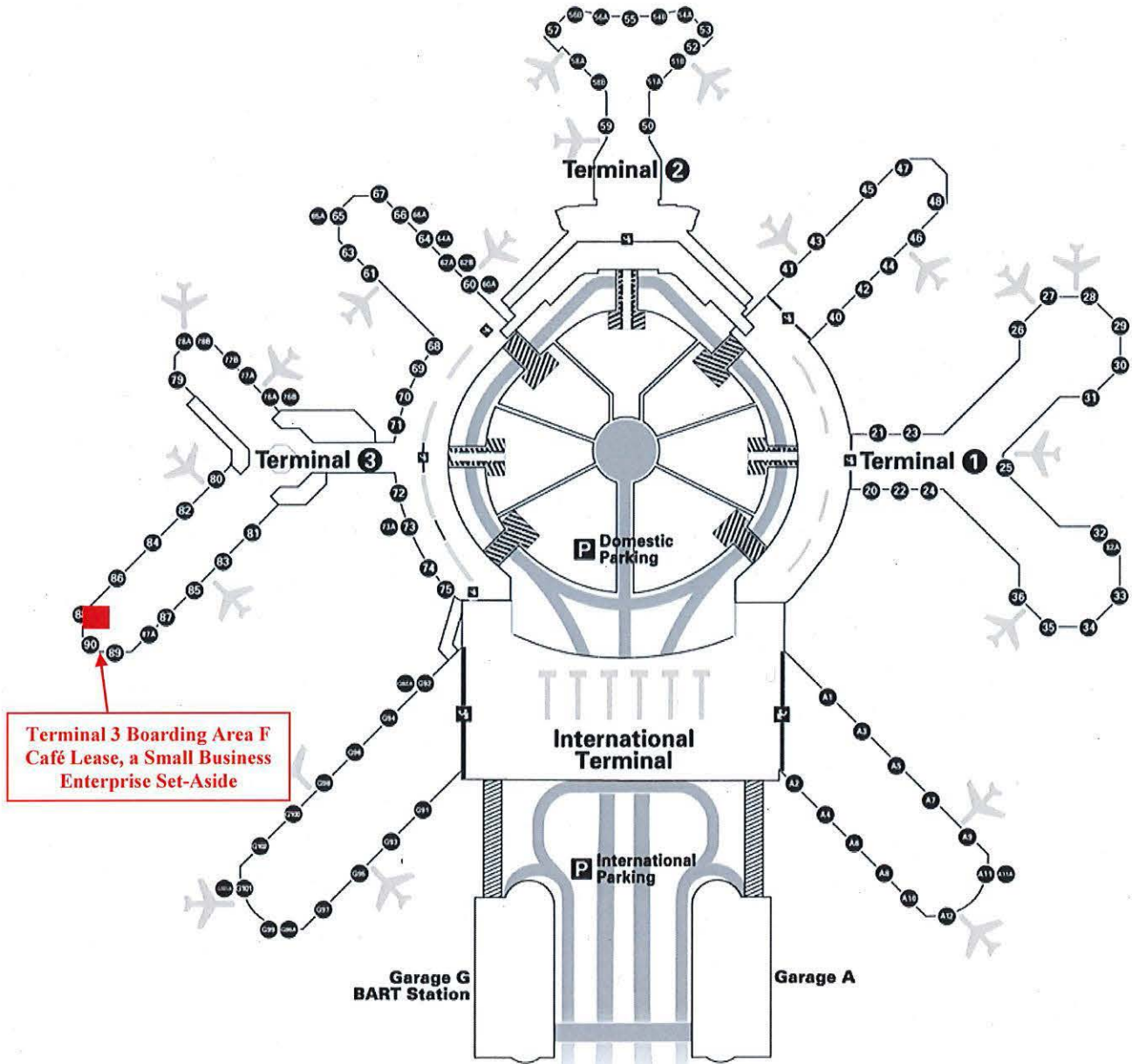
Ivar C. Satero
Airport Director

Prepared by: Leo Fermin
Chief Business & Finance Officer

Attachments

Attachment 1

TERMINAL 3 BOARDING AREA F CAFÉ LEASE, A SMALL BUSINESS ENTERPRISE SET-ASIDE



AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 19-0054

AWARD OF THE TERMINAL 3 BOARDING AREA F CAFÉ LEASE, A SMALL BUSINESS ENTERPRISE SET-ASIDE, TO RYLO MANAGEMENT, LLC

WHEREAS, on October 16, 2018, by Resolution No. 18-0347, the Airport Commission (Commission) authorized Staff to commence the competitive selection process and issue a Request for Proposals (RFP) for the Terminal 3 Boarding Area F Café Lease - a Small Business Enterprise Set-Aside (Lease); and

WHEREAS, on December 18, 2018, by Resolution No. 18-0396, the Commission approved the minimum qualification requirements and lease specifications, and authorized Staff to accept proposals for the Lease; and

WHEREAS, on January 30, 2019, Staff received two qualifying proposals for the Lease from the following proposers: AnnePort, Inc. and Rylo Management, LLC; and

WHEREAS, a four-member panel reviewed the qualifying proposals and determined Rylo Management, LLC to be the highest-ranking, responsive, and responsible proposer; now, therefore, be it

RESOLVED, that this Commission hereby awards the Terminal 3 Boarding Area F Café Lease, a Small Business Enterprise Set-Aside, to Rylo Management, LLC, under the conditions set forth in the Staff memorandum on file with the Commission Secretary, including, but not limited to, a lease term of 10 years and a Minimum Annual Guarantee of \$310,000.00 for the first lease year of the lease term; and, be it further

RESOLVED, that the Commission hereby directs the Commission Secretary to request approval of the Lease by Resolution of the Board of Supervisors pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

I hereby certify that the foregoing resolution was adopted by the Airport Commission
MAR 19 2019
at its meeting of _____



Secretary