

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 20-0049

AWARD OF THE TERMINAL 2 BOOKSTORE LEASE TO BOOKS INC.

WHEREAS, on September 10, 2019, by Resolution No. 19-0228, the Airport Commission (Commission) authorized Staff to commence a Request for Proposals (RFP) process for the Terminal 2 Bookstore Lease (Lease); and

WHEREAS, Staff issued the RFP and conducted an informational conference on November 14, 2019, at which one retail company was represented; and

WHEREAS, on December 17, 2019, by Resolution No. 19-0315, the Commission approved the revised lease specifications, minimum qualifications and RFP requirements and authorized Staff to accept proposals; and

WHEREAS, on January 22, 2020, Staff received a qualified proposal for the Lease from Books Inc.; and

WHEREAS, a three-member panel reviewed the qualifying proposal and determined Books Inc. to be a responsive and responsible proposer; now, therefore, be it

RESOLVED, that this Commission hereby awards the Terminal 2 Bookstore Lease to Books Inc., 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 \$220,000.00 for the first year of the lease term; and, be it further

RESOLVED, that the Commission Secretary is hereby directed 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
at its meeting of* _____

MAR 17 2020

Secretary



MEMORANDUM

March 17, 2020

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Eleanor Johns
Hon. Richard J. Guggenlime
Hon. Malcolm Yeung

20-0049

MAR 17 2020

FROM: Airport Director

SUBJECT: Award of the Terminal 2 Bookstore Lease to Books Inc.

DIRECTOR'S RECOMMENDATION: AWARD THE TERMINAL 2 BOOKSTORE LEASE TO BOOKS INC. AND 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 2 Bookstore Lease (Lease) has concluded and Staff recommends awarding the Lease to Books Inc.

Background

On September 10, 2019, by Resolution No. 19-0228, the Airport Commission (Commission) authorized Staff to commence the Request for Proposals (RFP) process for the Lease. The Lease term is ten years.

On November 14, 2019, Airport staff conducted an informational conference for interested parties. During the conference, Staff solicited comments from the sole interested party, Books Inc., regarding the RFP documents.

On December 17, 2019, by Resolution No. 19-0315, the Commission approved the revised lease specifications, minimum qualifications and RFP requirements, and authorized Staff to accept proposals. In response to the RFP, the Airport received one proposal by the January 22, 2020 Submittal Deadline.

Staff determined that the proposal met the RFP's minimum qualifications and convened a three-member evaluation panel to review and score the proposal. The panel consisted of the following: an SFO Airport Duty Manager, a private sector architect, and the Director of Concessions at Los Angeles International Airport.

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The evaluation panel found the proposer to be responsible and responsive, with their score presented below:


PROPOSER	CONCEPT	SCORE
Books Inc.	Compass Books	89.67

The Minimum Annual Guarantee (MAG) for the first lease year is \$220,000.00. 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 \$2,000,000.00; plus 10% of Gross Revenues achieved over \$2,000,000.00. The lease term is 10 years.

Founded locally in 1851, Books Inc. now has 10 stores in the greater San Francisco Bay Area, two of which are operational at SFO in Terminal 2 and Terminal 3 East. Books Inc. would be the incumbent operator of the Terminal 2 location.

Recommendation

I recommend the Commission: (1) award the Terminal 2 Bookstore Lease to Books Inc.; 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: Leo Fermin
Chief Business & Finance Officer

Attachments

Exhibit A

TERMINAL 2 BOOKSTORE LEASE

