



AGENDA REPORT

PROPOSED ACTION: Ordinance: Approve and Authorize the Executive Director to Execute a Food Storage and Support Space/Use Permit With Each of the Five Food and Beverage Concessionaires Operating at San Francisco Bay Oakland International Airport; Specifically: HFF OAK Venture, LLC; Rylo Management; Soaring Food Group II, LLC; SSP America OAK, LLC and NNF Grewal, Inc., to Include a Total of Approximately 6,905 Square Feet of Concession Storage Support Space, for up to \$4,646,573.09 in Total Rent from January 1, 2022 through March 31, 2033 and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Aviation)**

Submitted By: Craig Simon, Director of Aviation; Danny Wan, Executive Director

Parties Involved:

HFF OAK Venture, LLC, Sausalito CA;
Rylo Management, San Rafael, CA;
Soaring Food Group II, Berkeley, CA;
SSP America OAK, LLC, Ashburn, VA;
NNF Grewal, Inc., Oakland, CA.

Amount: \$1,204,568.69 for FY21/22-
FY24/25

\$3,442,004.40 for FY25/26 -FY32/33

EXECUTIVE SUMMARY: The Food and Beverage program at San Francisco Bay Oakland International Airport (OAK or Airport) has a number of concessionaires that operate various food concession units. Each of these units requires storage space to support their Food and Beverage operations. The Food Storage and Support Space/Use Permit agreements have been executed by NNF Grewal, Inc. (Grewal), Rylo Management (Rylo), Soaring Food Group II, LLC (Soaring), and SSP America OAK LLC (SSP), with HFF OAK Venture, LLC (HFF) currently under review.

BACKGROUND & ANALYSIS

The Airport’s food and beverage program is spread throughout the Airport and features a variety of options to meet passengers’ needs. Due to the COVID-19 Pandemic, OAK experienced a severe decline in enplanements, thereby delaying the construction of various food concession units. Under Ordinance No. 4598, the Board provided relief by waiving rent on Food and Beverage Concessionaires’ storage support spaces through December 31, 2021.

As enplanements recovered, many of the new food concession units opened, leading the Food Concessionaires to add needed food storage and support spaces. The respective food storage and support spaces for each Food Concessionaire is shown in Table 1 below:

Table 1

Summary of Food Storage and Support Spaces

Tenant	Room No.	Square Feet	Effective Date
Grewal	BM367-F01-1181	118	1/1/2022
HFF	BM367-F01-1170D	1,010	1/1/2022
HFF	BM103-F01-1061	317	7/1/2022
HFF	BM367-F01-1151	357	1/1/2022
Rylo	BM367-F01-1108B	293	9/19/2022
Soaring	BM102-F01-1032C-B	410	4/26/2024
Soaring	BM102-F01-1032C-C	50	4/26/2024
Soaring	BM102-F01-1032C-D	186	7/22/2024
SSP	BM130-F01-1072A	251	1/1/2022
SSP	BM367-F01-1157A and 1157B	432	7/13/2022
SSP	BM367-F01-1171	298	1/18/2022
SSP	BM102-F01-MOD2	910	1/1/2022
SSP	BM367-F01-T2-LOT1	283	7/13/2022
SSP	BM367-F01-T2-LOT2	283	7/13/2022
SSP	BM102-F01-S4A	1,707	1/1/2023

The food storage and support premises are located throughout the Airport and the Food Concessionaires and have completed various tenant improvements to meet health code and operational requirements. Given the tenant improvement investments, along with the proximate locations of these food storage and support spaces to the Food Concessionaires' respective operations, Port staff anticipates that these food storage and support premises will likely remain part of the Food Concessionaires' operations throughout the duration of their concession lease with the Airport.

Projected rent to the Port is detailed in Table 2. The respective Food Storage and Support Space/Use Permit agreements have been executed by Grewal, Rylo, Soaring, and SSP, with HFF currently under review.

Table 2
Projected Rent

Food Concession aire	FY21/22	FY22/23	FY23/24	FY24/25¹	FY25/26 – FY32/33 <i>(Projected Based on FY24/25 Rates)</i>	Total Rent (FY21/22 – FY32/33)
Grewal	\$3,253.97	\$6,683.17	\$7,011.32	\$7,508.34	\$58,820.64	\$83,277.44
HFF (under review)	\$37,696.39	\$91,005.91	\$100,059.91	\$107,152.92	\$839,440.32	\$1,175,355.46
Rylo	\$8,079.77	\$16,594.64	\$17,409.47	\$18,643.59	\$146,054.64	\$206,782.11
Soaring	N/A	N/A	\$4,998.28	\$40,473.09	\$322,018.08	\$367,489.45
SSP	\$39,482.31	\$186,143.73	\$247,416.55	\$264,955.32	\$2,075,670.72	\$2,813,668.63
Total Annual Rent:	\$88,512.44	\$300,427.45	\$376,895.55	\$438,733.26	\$3,442,004.40	\$4,646,573.09

¹ Pursuant to Ordinance No. 4758, annual rates and charges for non-signatory airlines and other tenants are effective September 1st.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:
15301 (Existing Facilities)
- Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- Other/Notes:

BUDGET

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 - Operating
 - Non-Operating
 - Capital

Analysis: This action will generate approximately \$1,204,568.69 in unbudgeted terminal rent in FY 2025.

STAFFING

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.
Reason:
- Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Other) - see explanation below.

- Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

Yes (Tenant) – proposed action entails at least \$50,000 in payments from a Maritime or Aviation tenant, licensee, and/or its subtenant/sublicensee employing at least 21 employees who spend at least 25% of their time on Port-related work.

- Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? Yes.

GENERAL PLAN (City Charter § 727):

Conformity Determination:

<p><u>Reason:</u> Compliance with the Port's Green Halo initiatives in performing tenant improvements.</p>	<p>No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port's Strategic Business Plan:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Grow Net Revenues <input checked="" type="checkbox"/> Improve Customer Service <input type="checkbox"/> Strengthen Safety and Security <input type="checkbox"/> Care for Our Environment <input type="checkbox"/> Modernize and Maintain Infrastructure <input type="checkbox"/> Pursue Employee Excellence <input type="checkbox"/> Serve Our Community 	