



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

From: William F. Sherry, A.A.E.

SUBJECT: SEE BELOW

Date: May 29, 2007

Approved

Kay Wines

Date

6/4/07

Council District: City-Wide

SUBJECT: 6th AMENDMENT TO ACM AVIATION, LLC FOR PARCEL 9C GROUND LEASE AT THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to negotiate and execute the sixth amendment to the Fixed Base Operation Lease with ACM Aviation, LLC for Parcel 9C at the Norman Y. Mineta San Jose International Airport to reduce the leased premises by approximately 20,117 S.F. to accommodate roadway improvements for the Terminal Area Improvement Program.

OUTCOMES

If approved, this amendment will allow the City to begin construction of one of the bridges necessary for the Terminal Area Improvement Program (TAIP) Roadway Improvements in September 2007. Construction of this structure is vital to the completion of the planned roadway improvements.

BACKGROUND

The TAIP work includes improvement to the Airport's current roadway system. Part of this construction will impact approximately 20,117 S.F. of the current east side leasehold for ACM early this fall. Staff has worked extensively with both the TAIP design builder (Hensel Phelps) and ACM to minimize the impact to ACM's operation.

ACM currently has a ground lease for approximately 139,085 square feet, located on the southeast side of the Airport at 1475 Airport Boulevard. ACM has been operating as a fixed base operation (FBO) pursuant to the terms of its ground lease at the Airport since 1966. The ACM operation will relocate in its entirety as soon as their new facility is constructed on the west side of the airport, adjacent to Coleman Avenue. However, the new site has not yet begun construction and is not expected to be complete before fall of 2008, too late to avoid a conflict with the roadway construction.

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ANALYSIS

The Design Builder, Hensel Phelps, and the Department of Public Works, explored various options to the roadway alignment and phasing of the roadway construction. The only viable option is to construct the elevated portion of the roadway system in the first phase, starting August 2007.

Airport staff is coordinating with Planning, Public Works, DOT and ACM to facilitate their west side relocation. However, due to site mitigation requirements, it is not envisioned that ACM will be able to move prior to Fall 2008.

An interim option was developed to help meet the roadway construction schedule by building the first of three elevated structures, starting with the ACM area and moving north.

This interim option requires the early return to the City of approximately 20,117 S.F. of the ACM leasehold to the City

This amendment will also result in a ground rent savings to ACM of approximately \$2,402.08 per month. All other terms and conditions of the Lease will remain unchanged. A delay to the roadway construction will cost considerably more than \$2,402.08 per month.

POLICY ALTERNATIVE

N/A

PUBLIC OUTREACH

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This memo has been coordinated with the City Attorney's Office, Planning Department, and the Department of Public Works.

HONORABLE MAYOR AND CITY COUNCIL

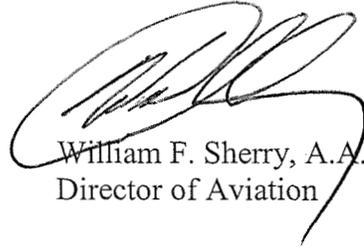
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CEQA

Resolutions No. 67380 and 71451, PP 07-109

A handwritten signature in black ink, appearing to read 'W. Sherry', is written over the typed name and title.

William F. Sherry, A.A.E.
Director of Aviation

Please direct questions to William Sherry, Director of Aviation, at (408) 501-7669