



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

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

SUBJECT: SEE BELOW

DATE: October 15, 2007

Approved

Date

10/16/07

COUNCIL DISTRICT: City-Wide

SUBJECT: LEASE AGREEMENTS WITH AIR CARGO AIRLINES

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to negotiate and execute new and amended hangar and ramp lease agreements (lease agreements) with air cargo airlines currently operating at Mineta San Jose International Airport ("Airport"), with month-to-month terms effective December 1, 2007 through June 30, 2012 and annual income to the City of approximately \$240,000.

OUTCOME

New lease agreements for the air cargo airlines will provide a lease term consistent with the new Air Cargo Operating Agreement ("operating agreement").

BACKGROUND

On March 13, 2007, Council approved the negotiation and execution of new operating agreements with each of the Airport's cargo airlines. The new operating agreement will commence on December 1, 2007 and will terminate on June 30, 2012. In order for a cargo airline to be considered a signatory airline, which provides 25% lower rates, it must lease space on the Airport throughout the entire term of the operating agreement. Cargo airlines operating at the Airport currently lease space but these agreements expire on varying dates prior to June 30, 2012.

ANALYSIS

Adoption of the resolution allows the cargo airlines to continue to lease necessary support space and to operate as signatory airlines throughout the term of the operating agreement on a month-to-month basis.

In the event a cargo airline terminates its lease agreement prior to June 30, 2012, and does not lease any other space, that airline would forfeit its signatory status and be responsible for paying fees under its operating agreement that are 25% higher than those fees paid by the signatory airlines.

EVALUATION AND FOLLOW-UP

The Director of Aviation shall be responsible for coordination of these agreements and shall render overall supervision of air cargo operations at the Airport.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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)**

This item does not meet the above criteria requiring additional notification; however, it will be posted on the City's Council Agenda Website for the November 6, 2007 Council Meeting.

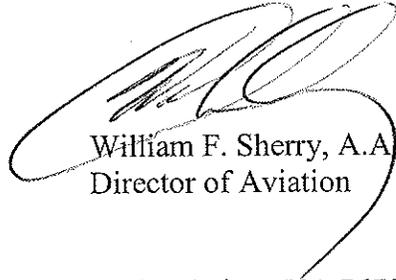
COORDINATION

This item has been coordinated with the City Attorney's Office and the Budget Office.

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CEQA

Resolution No. 67380 and 71451, PP 07-203, 07-204, PP 07-214, PP 07-215



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

For questions please contact William Sherry, Director of Aviation, 501-7670.

