



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

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

SUBJECT: SEE BELOW

DATE: October 29, 2007

Approved

Deanna Satna

Date

10/30/07

COUNCIL DISTRICT: City-Wide

SUBJECT: AIR FREIGHT BUILDING LEASE AGREEMENTS

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to negotiate and execute new lease agreements with American Airlines, United Airlines, Southwest Airlines and Delta Air Lines, the airlines currently operating at Mineta San Jose International Airport ("Airport") in the air freight building, located at 1521 Airport Blvd, with month-to-month terms effective December 1, 2007 through June 30, 2012 and annual income to the City of approximately \$320,000.

OUTCOME

Approval of the new lease agreements will enable the airlines to continue to operate in the air freight building and will provide a lease term consistent with the new Airline Operating Agreement ("operating agreement").

BACKGROUND

The Airport's air freight activities are currently conducted by four airlines: American Airlines, United Airlines, Southwest Airlines and Delta Air Lines. These airlines occupy space totaling 16,671 square feet in the air freight building and all are on a month-to-month carryover basis under individual license agreements.

It has been the intent of the City to replace these outdated license agreements with new lease agreements and incorporate terms and conditions that are consistent with the operating agreement.

ANALYSIS

Adoption of the resolution allows the airlines leasing space in the air freight building to continue to lease necessary operations space throughout the term of the airline operating agreement. The lease agreements will be on a month-to-month basis, with rates as established by Resolution 73885, and adjusted upward annually every July 1st based upon the Consumer Price Index.

The term of the leases will coincide with the new operating agreement, commencing on December 1, 2007 and terminating on June 30, 2012.

EVALUATION AND FOLLOW-UP

The Director of Aviation shall be responsible for coordination of these agreements and shall render overall supervision of air freight 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)**

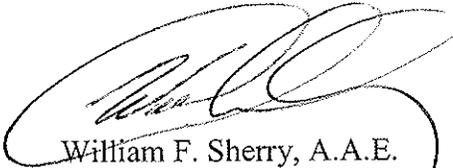
This item does not meet the above criteria requiring additional notification; however, it will be posted on the City's Council Agenda Website for the November 20, 2007 Council Meeting.

COORDINATION

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

CEQA

Resolution Nos. 67380 and 71451, PP 07-132 through 07-135

A handwritten signature in black ink, appearing to read 'William F. Sherry', is written over a large, stylized, looping graphic element that resembles a speech bubble or a large flourish.

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

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

