



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

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

SUBJECT: LEASE WITH AMERICAN
AIRLINES, INC. AT 1253 AIRPORT
BOULEVARD

DATE: July 25, 2011

Approved

Date

8/1/11

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

- (a) Approve a Lease of Airport Premises ("Lease") with American Airlines, Inc. ("American") for hangar and ramp space located at 1253 Airport Boulevard, effective September 1, 2011 through June 30, 2012, with monthly revenue to the City of approximately \$12,758.
- (b) Adopt a resolution authorizing the Director of Aviation ("Director") to negotiate and execute amendments to extend the term for a period up to June 30, 2017.

OUTCOME

Approval of this Lease will allow American to continue to occupy space in support of its air carrier activities at the Airport.

BACKGROUND

The City and American entered into a License for the hangar building and ramp space located at 1253 Airport Boulevard effective March 29, 1990, for maintenance, storage and repair of equipment, and other activities in support of its air carrier activities at the Airport. The License was amended by a First Amendment dated July 12, 1990, to add the remaining office space to the License Agreement. American's occupancy of the space has continued on a month-to-month term under the License Agreement.

ANALYSIS

American continues to occupy and pay rent for the hangar building and ramp located at 1253 Airport Boulevard. Council's approval of a new Lease will allow American to continue to occupy necessary operations support space under the Airport's latest form Lease Agreement for maintenance, storage, repair of equipment, and other activities. Expiration of the initial term of the new Lease will coincide with American's existing Airline-Airport Lease and Operating Agreement, terminating on June 30, 2012.

This Lease provides that amendments that change or modify the description of the leased premises to increase, decrease or relocate space in the hangar building and which include only such rental rates on a per square foot basis as are specified or authorized in accordance with the terms of the Lease, may be executed on behalf of the City by the Director. Either party may terminate the Lease at any time upon a 30 day written notice to the other party.

Adoption of the resolution will permit the Director to execute any amendment to extend the expiration of the Lease term for a period of up to five years after the original expiration date of June 30, 2012. This will allow American to continue to occupy this space through the extension term of the Airline-Airport Lease and Operating Agreement.

EVALUATION AND FOLLOW-UP

The Director will continue to monitor the status of American's operations at the Airport and approve amendments to the Lease in accordance with the authority granted by the resolution.

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 August 16, 2011 Council Meeting.

COORDINATION

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

COST IMPLICATIONS

None.

CEQA

Not a project, File No. PP10-066(f); lease of existing space for same use.

/s/
WILLIAM F. SHERRY, A.A.E.
Director of Aviation
Airport Department

For questions please contact William F. Sherry, Director of Aviation at (408) 392-3611.