



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

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

SUBJECT: SEE BELOW

DATE: April 2, 2012

Approved

Date

4/10/12

**SUBJECT: THIRD AMENDMENT TO LEASE OF AIRPORT PREMISES WITH
MENZIES AVIATION (USA), INC.**

RECOMMENDATION

Approve a Third Amendment to Lease of Airport Premises with Menzies Aviation (USA), Inc. ("Menzies") for space located at 1277 Airport Boulevard ("Lease"), from May 1, 2012 through June 30, 2017, with annual revenue to the City of approximately \$46,590.

OUTCOME

Approval of the Third Amendment will allow Menzies to continue to use hangar, office and ramp space at 1277 Airport Boulevard.

BACKGROUND

Menzies provides ground handling services in support of airlines at the Airport under an Operating Permit issued by the Director of Aviation. On January 28, 2008, the City and Menzies entered into a Lease of Airport Premises for ramp, hangar and office space located at 1277 Airport Boulevard. The spaces are used for office support, storage of equipment and supplies, and ground equipment repair in support of their ground handling operations.

The Agreement was amended by a First Amendment dated August 24, 2011 to extend the term of the Agreement and to increase the ramp space. The Agreement was further amended by a Second Amendment dated August 24, 2011 to reduce the ramp space. The amended Lease of Airport Premises expires on April 30, 2012.

April 2, 2012

Subject: 3rd Amendment to Lease of Airport Premises – Menzies

Page 2

ANALYSIS

Menzies wishes to extend the term of their Lease and resize as well as relocate their ramp space. The ramp space they currently occupy is 1,567 square feet and is too large for their operation. The new space is 1,000 square feet and is in closer proximity to their hangar space. The Lease may be terminated by either party with at least thirty (30) days written notice.

The extension of this Lease will result in total revenue during the Lease term in excess of \$250,000. Municipal Code Section 25.08.1340 requires Council to approve the execution of a Lease if the total revenue received by the City under the Lease exceeds \$250,000 and the term of the lease is greater than three years.

EVALUATION AND FOLLOW-UP

The Director will continue to monitor Menzies performance and assess its space requirements throughout the term of this Lease.

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 April 24, 2012 Council Meeting.

COORDINATION

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

HONORABLE MAYOR AND CITY COUNCIL

April 2, 2012

Subject: 3rd Amendment to Lease of Airport Premises – Menzies

Page 3

CEQA

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

/s/ Kimberly B. Aguirre for
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.