



San Francisco International Airport

MEMORANDUM

March 1, 2016

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Facility Lease between China Airlines Limited and the San Francisco International Airport for a Portion of Airport Building 648 on Plot 10

DIRECTOR'S RECOMMENDATION: APPROVE A FACILITY LEASE BETWEEN CHINA AIRLINES LIMITED AND THE SAN FRANCISCO INTERNATIONAL AIRPORT FOR A PORTION OF AIRPORT BUILDING 648 ON PLOT 10.

Executive Summary

Staff seeks approval from the Airport Commission (the "Commission") of a Facility Lease with China Airlines Limited ("Tenant") for exclusive use of approximately 38,082 square feet of cargo warehouse and office spaces at Airport Building 648 on Plot 10 (the "Premises"), for a term of three years, with one three-year option to extend the term exercisable by the Commission, and an initial annual rent of \$898,735.20 based on the Airport Rates and Charges – Cargo Building Warehouse Rate.

Background

Pursuant to Resolution No. 10-0347 adopted by the Commission on December 7, 2010, Tenant leases approximately 38,082 square feet of cargo warehouse and office spaces at Airport Building 648 where it conducts its integrated air cargo related business ("Lease No. 10-0347"). Lease No. 10-0347 has a five-year term and will expire on April 8, 2016. Tenant has expressed its desire to continue its tenancy in Airport Building 648.

Proposal

Staff has negotiated the terms of a new Facility Lease with Tenant, as summarized below:

- 1) Term: Three years.

THIS PRINT COVERS CALENDAR ITEM NO. 10

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

- 2) Option Term: One three-year option to extend the Term, at the Commission's discretion.
- 3) Commencement Date: The latter of April 9, 2016 and full City approval.
- 4) Premises: Exclusive space comprised of approximately 33,246 square feet of cargo warehouse space and approximately 4,836 square feet of first floor office space in Airport Building 648 on Plot 10.
- 5) Annual Rent: Initial annual rent of \$898,735.20 based on the Airport Rates and Charges – Cargo Building Warehouse Rate of \$23.60 per square foot per year. Rent shall be adjusted according to the Airport Rates and Charges.
- 6) Permitted Use: Integrated air cargo related business including receiving, delivering, dispatching, processing, handling, and storing air cargo and mail, and any other lawful purposes directly related to the foregoing activities.
- 7) Utilities: At Tenant's sole expense.

Tenant will be fully compliant with the City's Equal Benefits Ordinance, Minimum Compensation Ordinance, and Health Care Accountability Ordinance.

Recommendation

I recommend adoption of the accompanying resolution that approves a Facility Lease with China Airlines Limited, for a three-year term, with one three-year option to extend the term exercisable at the Commission's discretion, at an initial annual rent of \$898,735.20 for approximately 38,082 square feet of cargo warehouse and office spaces at Airport Building 648 on Plot 10. I further recommend that this Commission directs the Commission Secretary to forward the Facility Lease to the Board of Supervisors for approval.



John L. Martin
Airport Director

Prepared by: Leo Fermin
Chief Business and Finance Officer

Attachments

ATTACHMENT A

Premises – Building 648

