



MEMORANDUM

October 21, 2014

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: Approval of a Lease Agreement with Menzies Aviation (USA), Inc. for Space in West Field Cargo Building 632 and Related Areas on Plot 9

DIRECTOR'S RECOMMENDATION: APPROVE A LEASE AGREEMENT WITH MENZIES AVIATION (USA), INC. FOR EXCLUSIVE USE SPACE IN WEST FIELD CARGO BULDING 632, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE AGREEMENT TO THE BOARD OF SUPERVISORS FOR APPROVAL.

Executive Summary

Staff seeks the Airport Commission's approval to enter into a Lease Agreement (the "Lease") with Menzies Aviation (USA), Inc. ("Menzies") for approximately 30,599 square feet of warehouse space and approximately 5,413 square feet of office space in West Field Cargo Building 632 ("West Field Building"). The Lease will commence on the first day of the month following full City approval.

Background

A study of cargo buildings on Airport property revealed that many of the buildings are in poor physical condition and do not meet the present needs of the air cargo industry. To improve efficiency and maintain a high level of service to our tenants, the Airport demolished the 40-year old Airport Building 632 and constructed a more efficient building in its place. The design of the reconstructed West Field Building offers long-term flexibility and multi-tenant occupancy.

Menzies, currently an aviation support services tenant under month-to-month Permit No. 4096, desires to expand its operations into the West Field Building.

THIS PRINT COVERS CALENDAR ITEM NO. 3

Proposal

Staff has negotiated the terms of the Lease with Menzies, as summarized below:

1. **Term:** Three (3) years commencing on the first day of the month following full City approval.
2. **Option to Extend:** Three (3) options to extend the term by one (1) year each, exercisable at Menzies' discretion.
3. **Permitted Use:** Integrated air cargo related business and for no other uses.
4. **Exclusive Premises:** Approximately 36,012 square feet in the West Field Building, comprised of:
 - 30,599 square feet of warehouse space
 - 2,704 square feet of 1st floor office space
 - 2,709 square feet of 2nd floor office space
5. **Annual Rent:** For the initial year, annual rent is equal to \$23.00 per square foot per year or \$828,276. Rent is subject to Airport Rates and Charges adjustments.

Recommendation

I recommend adoption of the attached resolution approving a Lease with Menzies Aviation (USA), Inc. for exclusive use of approximately 36,012 square feet of office and warehouse spaces in West Field Cargo Building 632, and directing the Commission Secretary to forward the Lease to the Board of Supervisors for approval pursuant to Section 9.118 of the City Charter.



John L. Martin
Airport Director

Prepared by: Leo Fermin
Chief Business and Finance Officer

Attachment

Exhibit A

PREMISES

