

San Francisco International Airport

### **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.



AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

 EDWIN M. LEE
 LARRY MAZZOLA
 LINDA S. CRAYTON
 ELEANOR JOHNS
 RICHARD J. GUGGENHIME
 PETER A. STERN
 JOHN L. MARTIN

 MAYOR
 PRESIDENT
 VICE PRESIDENT
 AIRPORT DIRECTOR

# 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.

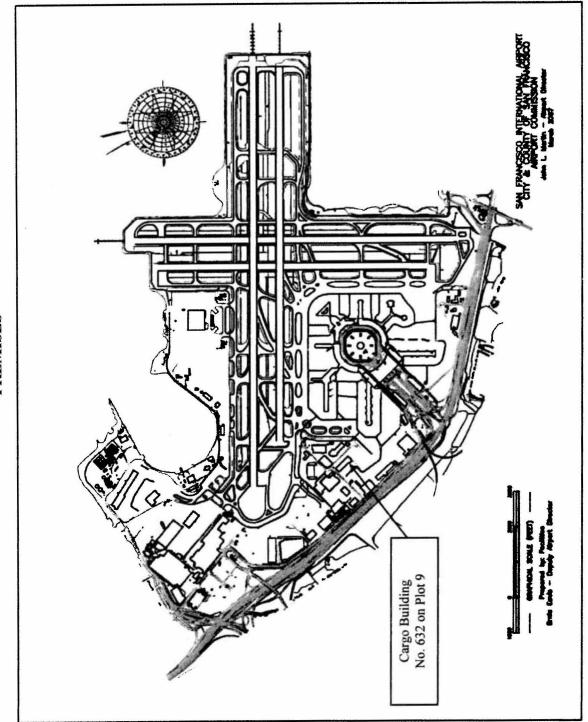
John L. Martin Airport Director

Prepared by: Leo Fermin Chief Business and Finance Officer

Attachment



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**Exhibit A** 

PREMISES