

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 17-0112

RESCISSION OF AIRPORT COMMISSION RESOLUTION NO. 16-0190, WHICH APPROVED A LEASE AGREEMENT WITH ALLIANCE GROUND INTERNATIONAL, LLC FOR EXCLUSIVE USE OF APPROXIMATELY 39,678 SQUARE FEET IN AIRPORT BUILDING 648; APPROVAL OF A LEASE AGREEMENT WITH ALLIANCE GROUND INTERNATIONAL, LLC FOR APPROXIMATELY 40,778 SQUARE FEET OF EXCLUSIVE USE SPACE IN AIRPORT BUILDING 648; AND DIRECTING THE COMMISSION SECRETARY TO FORWARD THE LEASE AGREEMENT TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, Alliance Ground International, LLC (“AGI, LLC”) provides aviation support services at San Francisco International Airport pursuant to Aviation Support Services Permit No. 4307; and

WHEREAS, AGI, LLC desired to expand its operations by entering into a lease agreement for approximately 39,678 square feet of exclusive use space in Airport Building 648 (“B648”), with a term of five (5) years and subject to Airport Rates and Charges Cargo Facilities-Warehouse rate; and

WHEREAS, by Resolution No. 16-0190, the Airport Commission (“Commission”) approved the lease agreement on June 16, 2016; and

WHEREAS, subsequent to the Commission’s approval of the lease agreement, and prior to the Board of Supervisors’ approval of the lease agreement, AGI, LLC returned to the Airport with a request to expand its exclusive use space in B648 to approximately 40,778 square feet; now, therefore, be it

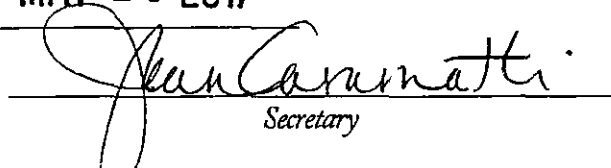
RESOLVED, that this Commission rescinds Resolution No. 16-0190, which approved a five-year lease agreement with AGI, LLC for approximately 39,678 square feet of office and warehouse space in B648; and, be it further

RESOLVED, that, in its place, this Commission approves and authorizes the Airport Director to execute a lease agreement for approximately 40,778 square feet of office and warehouse space in B648 with AGI, LLC, commencing on the first day of the month following full City approval and expiring on May 31, 2021, under the terms and conditions set forth in the Director’s Memorandum; and, be it further

RESOLVED, that the Commission hereby directs the Commission Secretary to forward the lease agreement to the Board of Supervisors for approval pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of*

MAY 16 2017


Secretary



San Francisco International Airport

MEMORANDUM

May 16, 2017

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

17-0112
≡ MAY 16 2017

FROM: Airport Director

SUBJECT: Lease Agreement with Alliance Ground International, LLC for Exclusive Use Space in Airport Building 648

DIRECTOR'S RECOMMENDATION: RESCIND AIRPORT COMMISSION RESOLUTION NO. 16-0190, WHICH APPROVED A LEASE AGREEMENT WITH ALLIANCE GROUND INTERNATIONAL, LLC FOR EXCLUSIVE USE OF APPROXIMATELY 39,678 SQUARE FEET IN AIRPORT BUILDING 648; APPROVE, IN ITS PLACE, A LEASE AGREEMENT FOR APPROXIMATELY 40,778 SQUARE FEET OF EXCLUSIVE USE SPACE IN AIRPORT BUILDING 648; 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 ("Commission") rescission of Resolution No. 16-0190, which approved a lease agreement with Alliance Ground International, LLC ("AGI, LLC") for approximately 39,678 square feet of office and warehouse space in Airport Building 648 ("B648"). In its place, staff seeks the Commission's approval of a lease agreement for approximately 40,778 square feet in B648. The lease agreement will commence on the first day of the month following full City approval.

Background

AGI, LLC, which provides aviation support services under Permit No. 4307, initially occupied approximately 20,569 square feet of warehouse and office space in Airport Building 606 under Nonairline Nonterminal Space or Use Permit No. 4309. AGI, LLC required a larger space to conduct its operations, and staff identified approximately 39,678 square feet in B648. Staff and AGI, LLC negotiated the terms of a lease agreement, which included a five-year term without any option to extend. By Resolution No. 16-0190, adopted June 16, 2016, the Commission approved the lease agreement with AGI, LLC on such terms. This request was submitted to the Board of Supervisors for approval; however, the Board has not calendared this item. AGI, LLC currently occupies the premises, on a month-to-month basis, under Nonairline Nonterminal Space or Use Permit No. 4526.

THIS PRINT COVERS CALENDAR ITEM NO. 10

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE LARRY MAZZOLA LINDA S. CRAYTON ELEANOR JOHNS RICHARD J. GUGGENHIME PETER A. STERN IVAR C. SATERO
MAYOR PRESIDENT VICE PRESIDENT AIRPORT DIRECTOR

AGI, LLC has since requested to increase its exclusive use space in the B648 to approximately 40,778 square feet, comprising approximately 33,339 square feet of warehouse space and approximately 7,439 square feet of office space. This represents an increase of approximately 1,100 square feet and an additional \$26,609.00 in initial annual revenue to the Airport over the previously approved lease agreement.

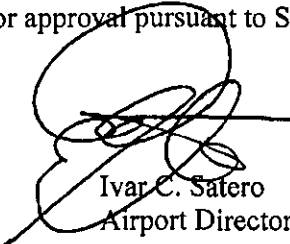
Proposal

Staff proposes rescinding Commission Resolution No. 16-0190 and approving a lease agreement with AGI, LLC under the following terms and conditions:

1. Exclusive Premises: Approximately 40,778 square feet in B648 comprised of:
 - approximately 33,339 square feet of warehouse space;
 - approximately 6,339 square feet of 1st floor office space; and
 - approximately 1,100 square feet of 2nd floor office space.
2. Non-exclusive Areas: ULD/GSE rolling stock area and employee vehicle parking.
3. Term: Commencing on the first day of the month following full City approval and expiring on May 31, 2021.
4. Annual Rent: Initial annual rent of \$986,419.82 based on current Airport Rates and Charges Cargo Facilities-Warehouse rate of \$24.19 per square foot per year multiplied by 40,778 square feet. Rent shall adjust annually to reflect the then current Airport Rates and Charges for Cargo Facilities-Warehouse.
5. Permitted Use: Integrated air cargo related business and for no other uses.

Recommendation

I recommend adoption of the attached resolution rescinding Airport Commission Resolution No. 16-0190, which approved a lease agreement with Alliance Ground International, LLC for approximately 39,678 square feet of exclusive use space in Airport Building 648; approving, in its place, a lease agreement for the exclusive use of approximately 40,778 square feet of office and warehouse space in Airport Building 648; and directing the Commission Secretary to forward the lease agreement to the Board of Supervisors for approval pursuant to Section 9.118 of the City Charter.



Ivar C. Satero
Airport Director

Prepared by: Leo Fermin
Chief Business and Finance Officer

Attachments

Exhibit A

PREMISES

