



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Department of Public Works



Date: June 7, 2012
Board Meeting Date: June 26, 2012
Special Notice / Hearing: None
Vote Required: 4/5ths

To: Honorable Board of Supervisors

From: James C. Porter, Director of Public Works

Subject: Second Amendment to Lease/Concession Agreement with Diamond Air Ventures, Inc. for a portion of the Airport Terminal Building at 620 Airport Drive, San Carlos (Lease No. 5223)

RECOMMENDATION:

Adopt a Resolution authorizing:

- A) The President of the Board to execute a Second Amendment to the Lease/Concession Agreement with Diamond Air Ventures, Inc., for a portion of the Airport Terminal Building at 620 Airport Drive, San Carlos, California, extending the term by five years to June 30, 2017, decreasing the size and modifying the location of the Premises from 1,600 square feet at Suite #1 to 800 square feet at Suite #5, decreasing the Base Rent from \$4,051.83 to \$1,520.00 per month, decreasing the Utility Charge from \$446.00 to \$223.00 per month and modifying certain sections of the Agreement; and
- B) The County Manager or his designee to execute notices, options and documents associated with the Second Amendment and the Agreement including, but not limited to, extension or termination of the Agreement under the terms set forth therein.

BACKGROUND:

On June 1, 2007, the County and Golden Gate Helicopters, LLC dba Diamond Aviation entered into a five-year Lease/Concession Agreement for the use of the San Carlos Airport Administration Building, Suite #1, consisting of approximately 1,600 square feet of office space, for the purpose of providing aviation related activities, including aircraft flight training and rentals. On March 15, 2010, the County and Diamond entered into a First Amendment to the agreement which recognized a change in the business name to Diamond Air Ventures, Inc. dba Diamond Aviation (the "Lease As Amended").

The current Base Rent is \$4,051.83 per month and the current Utility Charge is \$446.00 per month. The current Term expires on June 30, 2012, and Diamond opted not to exercise its option to extend the term on the current 1,600 square foot area.

Diamond recently notified the County that, upon the expiration of the current Term on June 30, 2012, it desires to extend its Agreement for an additional five years and move to Suite #5, which will be vacated on June 30, 2012 by the current tenant. The County solicited proposals for use of Suite #1, and is currently negotiating a long-term lease with a new operator. The County and Diamond desire to amend the Agreement As Amended to extend the Term, reduce the size and modify the location of the Premises, reduce the Base Rent and Utility Charge, and modify certain sections of the Agreement to make them consistent with recent agreements.

DISCUSSION:

Real Property Services has prepared the Second Amendment to Lease/Concession Agreement, which extends the Term for five years to June 30, 2017, decreases the area of the Premises from 1,600 to 800 square feet, modifies the location from Suite #1 to Suite #5, decreases the monthly Base Rent from \$4,051.83 to \$1,520.00 per month, subject to three percent (3%) annual adjustments, decreases the Utility Charge from \$446.00 to \$223.00 per month and modifies and updates certain terms and conditions of the Agreement. The decrease in the Base Rent reflects the change in the size of the Premises as well as an adjustment to current market rental rates. The terms and conditions of the Agreement are otherwise unchanged.

County Counsel has reviewed and approved the Second Amendment and Resolution as to form.

Approval of this Amendment contributes to the Shared Vision 2025 outcome of a Collaborative Community by establishing an agreement that allows Diamond to modify their operations to continue providing services at the airport while opening up valuable space in the terminal building for new airport businesses.

FISCAL IMPACT:

The monthly Base Rent and Utility Charge, initially \$1,520.00 and \$223.00 respectively, will be remitted to the Airport Enterprise Fund. There is no impact to the General Fund.