



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 18-097

Board Meeting Date: 2/13/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Amendment to the Right of Entry agreement with Zelda Levin and Martin M. Eisenberg granting continued access to the San Carlos Airport from the property located at 655 Skyway Road in the City of San Carlos

RECOMMENDATION:

Adopt a resolution authorizing:

- A) An amendment to the Right of Entry agreement with Zelda Levin and Martin M. Eisenberg, co-trustees of the Sydney Levin bypass trust established under trust agreement dated July 31, 1984, Zelda Levin and Martin M. Eisenberg, co-trustees of the Sydney Levin marital trust established under trust agreement dated July 31, 1984 and Zelda Levin and Martin M. Eisenberg, co-trustees of the Zelda Levin marital trust established under trust agreement dated July 31, 1984, granting continued access to the San Carlos Airport from the property located at 655 Skyway Road in the City of San Carlos, for an initial term of 30 years and at a starting monthly base Right of Entry Fee of \$0.10 per rentable square foot of developed aircraft hangar and fixed-based operator space; and
- B) The County Manager, or his designee, to accept and execute on behalf of the County any and all notices, options, consents, approvals, terminations, and documents in connection with the Right of Entry agreement.

BACKGROUND:

Zelda Levin and Martin M. Eisenberg ("Operators"), as trustees of three trusts, own the property located at 655 Skyway Road in the City of San Carlos ("Property"). The Property abuts the west side of the San Carlos Airport ("Airport"), as shown on Exhibit A attached. In 1969, Operators executed a ground lease agreement with Skyway Holdings ("Skyway"), which authorized Skyway to construct and operate an office building and aircraft hangars on the Property. Also that year, Operators executed a Right of Entry Agreement with the County authorizing tenants and users of the office building and aircraft hangars to directly access the Airport. Upon the ground lease agreement with Skyway expiring, ownership of the office building and aircraft hangars reverted to the Operators. Since March of 2009, Operators and Operators' tenants have accessed the Airport by way of a

renegotiated Right of Entry Agreement (“Agreement”) with the County.

DISCUSSION:

The Airport serves as a general aviation airport for the benefit of the public. To accommodate the storage of aircrafts on site, the County owns and leases out aircraft hangars and tie-downs. However, due to the high demand for aircraft hangar spaces, the County currently has a waitlist for existing facilities. For this reason, granting adjacent private property owners the right to enter the Airport from their property can provide support for Airport operations by creating additional opportunities for aircraft storage. Further, by charging these private property owners a right of entry fee, the Airport generates revenue for the Airport Enterprise Fund without incurring the cost of maintaining additional facilities.

Operators desire to demolish all existing improvements on the Property and develop up to 96,000 square feet of aircraft hangar and fixed-based operator space; enough to accommodate 32 aircraft. Pursuant to the terms of the First Amendment to the Agreement (“Amendment”), the aircraft hangar and fixed-based operator space may only be leased to owner-used aircraft and cannot be leased to any charter operation.

Real Property Services and the Department of Public Works’ Airport Division have negotiated the Amendment, which extends the initial term of the Agreement to 30 years and provides four five-year options to extend the term. The maximum of 50 years allowed is due to the capital investment required to rebuild and maintain the aircraft hangars and fixed-based operator space. Operators reserve a one-time right to terminate the Agreement should they fail to obtain the necessary building permits by October 31, 2020.

In consideration for the right to directly access the Airport from the Property, Operators shall pay County \$0.10 per month per rentable square foot of aircraft hangar and fixed-based operator space developed (“Right of Entry Fee”). Additionally, every five years of the initial term, and every successive option term exercised thereafter, the Right of Entry Fee shall increase in accordance with the Consumer Price Index, but in no event less than 110 percent or more than 120 percent of the Right of Entry Fee to be adjusted.

The Director of the Department of Public Works concurs with this recommendation. County Counsel has reviewed and approved the resolution as to form.

Approval of this action contributes to the Shared Vision 2025 outcome of a Prosperous Community by supporting the redevelopment of the Property in a manner that also generates revenue for the Airport Enterprise Fund.

FISCAL IMPACT:

Revenue generated from the Right of Entry Fee will be deposited into the Airport Enterprise Fund.