



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 19-020

Board Meeting Date: 1/8/2019

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Michael P. Callagy, County Manager

**Subject:** Right of Entry Agreement with Hudson Skyway Landing, LLC granting direct access to the San Carlos Airport from the property located at 955 Skyway Landing, in the City of San Carlos

### **RECOMMENDATION:**

Adopt a resolution authorizing:

- A) The execution of a Right of Entry Agreement with Hudson Skyway Landing, LLC granting direct access to the San Carlos Airport from the property located at 955 Skyway Landing, in the City of San Carlos; 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:**

Hudson Skyway Landing, LLC ("Hudson") owns the property located at 955 Skyway Road, in the City of San Carlos ("Property"). The Property abuts the southwestern corner of the San Carlos Airport ("Airport"), and consists of two commercial office buildings and an aircraft hangar. The aircraft hangar is available for exclusive use by tenants of the office buildings and business associates of the tenants. Since 2000, authorized parties have been granted direct access from the Property to the Airport by way of a Right of Entry Agreement ("Prior Agreement") between the County and Spieker Properties LP. In 2010, the Prior Agreement expired, but Hudson, as the successor in interest to Spieker Properties LP, maintained the rights granted in the Prior Agreement through the hold over provision.

Under the hold over provision, Hudson's tenants have been granted direct access to the Airport on a month-to-month basis.

### **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 directly access 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.

Hudson desires to continue to provide their tenants and tenants' business associates with the ability to directly access the Airport from the Property. To accommodate this, Real Property Services and the Department of Public Work's Airport Division have negotiated a new Right of Entry Agreement ("Agreement"), which includes an initial term of five years, with one option to extend the term for five more years. As Hudson has been in hold over for an extended period of time, the initial term will commence retroactively as of June 1, 2015. Pursuant to the terms of the Agreement, Hudson will pay a monthly Right of Entry Fee of \$7,583 for the period between June 1, 2015 and July 31, 2017. This amount will increase three percent annually starting retroactively June 1, 2017. As of December 2018, should the Agreement be executed, Hudson will owe the County approximately \$330,000 in back rent.

Further, pursuant to the terms of the Agreement, unless Hudson obtains a separate concession agreement from the County, neither Hudson's hangars nor the aircraft stored in such hangars may engage in aeronautical activities on the Airport, which include, but are not limited to, pilot training, aircraft rental and sightseeing, charter operations, and aircraft sales and services. Should any of Hudson's tenants violate these terms, Hudson will be in default of the Agreement, and County will have authority to take appropriate action, including termination of the Agreement.

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

Approval of this action contributes to the Shared Vision 2025 outcome of a Collaborative Community by enabling Hudson's tenants to directly access the Airport while generating revenue for the Airport Enterprise Fund.

**FISCAL IMPACT:**

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