



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 18-526

Board Meeting Date: 6/26/2018

Special Notice / Hearing: None
Vote Required: 4/5ths

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Amendment to the Lease and Concession Agreement with JATO Aviation, LLC enabling the expansion of its leased premises at the San Carlos Airport (Lease No. 5321)

RECOMMENDATION:

Adopt a resolution authorizing:

- A) The President of the Board of Supervisors to execute an amendment to the Lease and Concession Agreement with JATO Aviation, LLC, to increase its leased premises to 1,531 rentable square feet in the San Carlos Airport Administration Building, adjust the monthly base rent to \$3,372.22, and extend the term to March 30, 2023; 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 Lease and Concession Agreement.

BACKGROUND:

JATO Aviation, LLC ("JATO") has been operating at the San Carlos Airport ("Airport") since June 26, 2007. In that time, JATO has become a well-recognized provider of flight training and on demand charter services in the San Francisco Bay Area. JATO also frequently hosts aviation training conferences and safety seminars.

In its time as a tenant, JATO has a strong compliance record with Airport policies, including the voluntary Noise Abatement Procedures. In order to continue to host safety seminars and satisfy the new Airport Minimum Standards, JATO has requested to expand into the suite adjacent to its existing leasehold.

Since first becoming a tenant at the Airport, JATO's Lease and Concession Agreement has been amended on three occasions. Each amendment, including most recently in June of 2014, has been to change the size of the leased premises and adjust the monthly base rent accordingly.

JATO's Lease and Concession Agreement expired on June 30, 2017, and JATO has since been operating in Hold Over, pursuant to Section 34 of said agreement. While in Hold Over, all terms of the Lease and Concession Agreement, including the annual increase in base rent, has remained in effect.

DISCUSSION:

The County and JATO have negotiated the terms of an amendment to JATO's Lease and Concession Agreement ("Amendment") to increase its leased premises at the Airport's Administration Building to 1,531 rentable square feet and adjust the monthly base rent accordingly. Currently, JATO pays \$1,760 per month, or \$2.20 per square foot, which rent is deposited into the Airport Enterprise Fund. Pursuant to the terms of the Amendment, JATO's monthly base rent would increase to \$3,372.22 effective the date in which the Amendment is duly executed by County and JATO and increase three percent every July 1 of each year of the term thereafter. JATO is being provided a \$5,050 rent credit towards office renovations in order to convert the additional space into a functional condition.

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

Approval of this action contributes to the Shared Vision 2025 outcome of a Collaborative Community by amending a Lease and Concession Agreement that benefits the community by supporting Airport businesses that provide aircraft flight and safety training.

FISCAL IMPACT:

Approval of this action will increase rental revenues to the Airport Enterprise Fund by approximately \$19,350 annually.

There is no impact to the General Fund.