



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 21-187

Board Meeting Date: 3/9/2021

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

**To:** Honorable Board of Supervisors

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

**Subject:** Permit Agreements with Silicon Valley Clean Water ("SVCW") for the use of portions of the San Carlos Airport for SVCW's RESCU Program Gravity Pipeline Project

**RECOMMENDATION:**

Adopt a resolution authorizing:

- A) The President of the Board of Supervisors to execute the Permit with SVCW for the use of 130,375 sq. ft. surface and subsurface portions of Inner Bair Island ("Bair Island Permit"), for the continued term through June 30, 2021 at an initial monthly Base Rent of \$52,150, with annual 3% increases; and
- B) The President of the Board of Supervisors to execute the Restated and Amended Permit with SVCW for the use of the 278,000 sq. ft. portion of North of Holly ("North of Holly Permit") for the continued term through June 30, 2021, at an initial monthly Base Rent of \$106,090, with annual 3% increases; and
- C) The County Manager, or designee, to accept or execute notices, options and documents associated with the Permits including, but not limited to, extension or termination of the agreement under the terms set forth therein.

**BACKGROUND:**

Silicon Valley Clean Water ("SVCW") is a joint powers agency providing wastewater treatment and disposal services to a significant number of San Mateo County residents. On January 28, 2020 SVCW and the County executed a Memorandum of Understanding (MOU) to document the intentions and understandings related to various easements and permits related to SVCW's RESCU Program Gravity Pipeline Project ("Project") at the San Carlos Airport.

As part of the Project, SVCW is replacing its existing pressurized sewage force main, a portion of which is located under the taxiway of the Airport, with a new non-pressurized gravity pipeline. The

Project requires construction activities and the placement of certain temporary and permanent facilities on or under the Airport property. To help facilitate the Project, and pursuant to the terms of the MOU, the County granted permanent easements to SVCW for the area of the Airport on the north side of Holly Street, the Inner Bair Island area, and under the Airport Taxiway.

The MOU also addressed the granting of temporary permits to use portions of the Bair Island and North of Holly areas of the Airport property for construction, materials storage, staging and other construction related activities. Although SVCW required the permanent easements to be granted at the time the MOU was approved to facilitate certain funding requirements, certain factors and terms had not been sufficiently determined to finalize the temporary Permits at Bair Island and North of Holly.

#### **DISCUSSION:**

The MOU recognized that the Airport property is under the jurisdiction of, and is regulated by, the Federal Aviation Administration ("FAA"). In addition to compliance with all applicable FAA regulations regarding use of the Airport property, all users of the Airport property must pay fair rental value for its use. County Real Property commissioned an appraiser to establish that fair market rate, determined to be \$.40/sq.ft./month, similar to the rate SVCW had been paying for the North of Holly area. That rate was then calculated according to the square footage of the area occupied by SVCW at different stages of construction for Bair Island.

Beginning August 12, 2019, SVCW occupied approximately 75,925 sq. ft. of surface and subsurface property at the Bair Island portion of San Carlos Airport. On October 2, 2019, SVCW expanded their use by an additional 54,450 sq. ft., for a total property usage of 130,375 sq. ft. SVCW will pay to County \$51,629.00 for occupancy of 75,925 sq. ft. from August 12, 2019 - October 1, 2019, as well as \$417,200.00 for occupancy of 130,375 sq. ft. from October 2, 2019 - June 30, 2020. The term of the Bair Island Permit will renew automatically on July 1 of each year, through 2024, unless sooner terminated by SVCW.

SVCW has been using approximately 278,000 sq. ft. of the North of Holly portion of the San Carlos Airport since July 1, 2015, pursuant to a previously granted permit. The Restated and Amended Permit is required to extend the term, revise the Base Permit Fee and more particularly describe permitted uses of the premises. The monthly Base Permit Fee for the North of Holly area is currently \$106,090. The term of the Restated and Amended Permit for North of Holly will also renew automatically each July 1, through 2024, unless sooner terminated by SVCW.

County Counsel has reviewed and approved the Permit as to form.

#### **FISCAL IMPACT:**

The annual revenue to the Airport is estimated to be \$1,898,880 for fiscal year 20-21, which will increase by 3% each year for the duration of the term and any extensions thereafter. There is no impact to the General Fund.