



AGENDA REPORT

PROPOSED ACTION:

Ordinance: Adoption of an Ordinance Approving and Authorizing the Executive Director to Execute a *First Amendment to Temporary Rental Agreement* with Delux Public Charter, LLC dba JSX Operating at Oakland International Airport for customer parking for a Total Term of Just Over Four Years From May 7, 2021 Through June 30, 2025, with Total Consideration of \$113,465 for the Extended Term (May 7, 2022 to June 30, 2025). **(Aviation)**

Submitted By: Bryant L Francis C.M., Director of Aviation; Danny Wan, Executive Director

Parties Involved: Delux Public Charter, LLC dba JSX; Dallas, TX

Amount: \$113,465 (FY2022 – FY2025) Revenue

EXECUTIVE SUMMARY:

The existing *Temporary Rental Agreement* (“TRA”) with Delux Public Charter, LLC dba JSX (“JSX”) for customer parking expired on May 6, 2022. Aviation Staff reviewed JSX’s current operations at Oakland International Airport (“OAK”) and determined that it is in the best interest of the traveling public to extend the Term of JSX’s TRA for their valet parking lot for another three years. JSX has requested a reduced monthly rental amount for their Extended Term, because they plan to invest approximately \$100,000 in improvements to the parking lot. Staff is proposing to approve this Term extension of the current TRA with JSX through June 30, 2025.

BACKGROUND & ANALYSIS

JSX is an independent regional airline that describes itself as a "hop-on jet service" offering short-haul flights between the states of Arizona, California, Colorado, Florida, Nevada, New York, and Texas. JSX sells its flights as public air charters and operates its passenger service as a based subtenant to Signature Flight Support (“Signature”) in the North Field at OAK, specifically operating out of Port Building L-142 (“L-142”). Since starting its operations at OAK in November 2017, JSX has seen continuous growth from three flights a day to twenty flights a day and from one destination to four destinations. Along with this accelerated growth came the need for additional passenger parking and valet services.

In May 2021 the Port executed a *TRA* with JSX that allowed for JSX to occupy a portion of the parking lot (“L-142 Lot”) that is located across the street from L-142. JSX uses L-142 as its terminal building for its operations and utilizes the entirety of the L-142 Lot for its valet parking service. The L-142 Lot is split into two parts and is rented as follows:

- Half of the lot is rented under a long-term lease to Signature.
- Half of the lot was originally designated a part of the site for the future hotel development and is temporarily rented to JSX under the *TRA*.

The *TRA* commenced on May 7, 2021 and terminated on May 6, 2022. JSX has requested that the termination date for the *TRA* be extended for as long as administratively possible. JSX has also request that their monthly rent be reduced in exchange for repair work that is scheduled to be performed on the parking lot.



Based on the current timeline for potential other uses for this site, the *TRA* can be extended for an additional three years. If amended, the *TRA* will have a total term of four years, one month, and twenty-five days, commencing May 7, 2021, and terminating on June 30, 2025, still terminable by either party upon 30-day written notice, and with no options to extend. The premises consist of approximately 34,000 square feet (“SF”) of paved land and parking space. JSX is requesting that the monthly rent be reduced from \$4,500 per month to \$3,000 per month. JSX will be investing approximately \$108,000 in the repair, paving, lighting, and security of the parking lot, as well as the adjacent parking lot which is currently leased by Signature through June 2051. The specific terms and conditions of the *TRA* are shown in detail on Exhibit A.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:
15301 (Existing Facilities)
- Exempt from CEQA because it is not a "Project" under CEQA Guidelines Section 15061(b)(3).
- Other/Notes:

BUDGET

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 - Operating Non-Operating Capital

Analysis: During the development of the FY 2022 Operating Budget, revenues of \$5,465, for the period from May 7, 2022 to June 30, 2022, were not contemplated, resulting in an anticipated \$5,465 of incremental revenue. Revenues of \$36,000 will be added to the FY 2023 Operating Budget during budget preparation.

STAFFING

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.
Reason:
- Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port’s Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

- Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

Yes (Tenant) – proposed action entails at least \$50,000 in payments from a Maritime or Aviation tenant, licensee, and/or its subtenant/sublicensee employing at least 21 employees who spend at least 25% of their time on Port-related work.

- Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? **No.**

GENERAL PLAN (City Charter § 727):

Conformity Determination:

<p><u>Reason:</u> The tenant has not proposed any development for the leased area. If the tenant decides to develop the site in the future, the tenant must comply with the 2000 Sustainability Policy and complete the Sustainability Opportunities Assessment Form.</p>	<p>No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
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STRATEGIC PLAN. The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port’s Strategic Business Plan:

- Grow Net Revenues
- Modernize and Maintain Infrastructure
- Improve Customer Service
- Pursue Employee Excellence
- Strengthen Safety and Security
- Serve Our Community
- Care for Our Environment

Exhibit A

Terms and Conditions of Amended TRA with JSX

<u>TERMS</u>	
Tenant:	Delux Public Charter, LLC dba JSX
Lease Premises:	<u>Parcel L-142 Parking Lot¹</u> Land – 34,000 sf ¹ As noted on the drawing below
Permitted Use:	Only for the operation of a parking lot containing approximately 34,000 gross square feet.
Initial Term:	1 Year via TRA
Extended Term:	3 Years, 1 Month, and 25 Days (Extended via this First Amendment)
Commencement Date:	May 7, 2021
Expiration Date:	June 30, 2025
Termination:	Either party may terminate upon 30 days' written notice
Monthly Rent:	\$4,500 for Initial Term (5/7/21 through 5/6/22) \$3,000 for Extended Term (5/7/22 through 6/30/25)
Tenant Improvements:	Reduced Monthly Rent for the Extended Term is contingent on the Tenant spending a minimum of \$100,000 in Tenant Improvements, as outlined and specified in the Amendment.
Performance Deposit:	\$13,500

