

AGENDA REPORT

Ordinance: Five-Year Extension of Seventy (70) Multiple Agreements with Airport Tenants and Service Providers Operating at Oakland International Airport for \$6,059,153.64 in Revenue for FY2017-2018. **(Aviation)**

MEETING DATE: 6/14/2018

AMOUNT: \$6,059,153.64 (FY 2017-2018) Revenue

PARTIES INVOLVED: Seventy (70) Tenants and Service Providers Operating at Oakland International Airport as Listed on Exhibit 1

SUBMITTED BY: Bryant L. Francis C.M., Director of Aviation

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Ordinance

EXECUTIVE SUMMARY

This ordinance will extend the term by five (5) years of seventy (70) existing agreements between tenants and service providers currently operating at Oakland International Airport and give the Director of Aviation authority to execute the extension agreements.

BACKGROUND

From 1997 through 2017, the Board of Port Commissioners (the "Board") adopted ordinances and resolutions approving the terms and conditions of seventy (70) agreements for tenants and service providers occupying space and/or operating throughout Oakland International Airport ("OAK"). Exhibit 1 is a detailed listing of the contracting party, its use of space or service provided, the location, type of agreement, ordinance or resolution number, date of Board Action, and the FY17/18 budgeted revenue.

The agreement type varies depending on the use of the property or the service provided and includes: *Lease, License and Concession Agreement, Right-of-Entry and Indemnity Agreement, Space/Use Permit, Memorandum of Understanding and Temporary Rental Agreement*. All of these forms of agreement have been reviewed and approved by the Port Attorney.

The agreements listed on Exhibit 1 include agreements that will expire before or after June 30, 2018, as well as a couple of recently expired agreements (that continue in effect on a month-to-month holdover basis). All of these agreements need to be extended or have new agreements negotiated with an extended term. As re-negotiating these agreements would result in identical terms and conditions, staff recommends that the agreements listed on Exhibit 1 simply be extended for five years to not burden the tenants and service providers by

requiring them to negotiate and enter into new agreements, and to better utilize Port staff time and resources.

ANALYSIS

The proposed extension will extend the agreements listed on Exhibit 1 for an additional five (5) years, from July 1, 2018 through June 30, 2023. Rental, premises (if any), authorized use, and the right of either party to terminate the existing agreement with a thirty (30) day written notice shall remain in full force. The proposed extension will not: (i) encumber any additional Port property; (ii) affect FY18/19 budgeted revenue; (iii) waive the Port's right to future rental increases; or (iv) amend any other terms or conditions of the existing agreements. No other terms and conditions will be modified besides extending the term.

The agreements listed on Exhibit 1 pertain to OAK's Airport Tenants, cover a variety of aviation and concession uses and, where premises are included, are of minimal size. They include:

- Airline Services: Passenger, ground and cargo handling, catering, aircraft washing, airline tenant space janitorial services, aircraft maintenance and repair, passenger, catering and cargo security, and specialized equipment maintenance and repair;
- Fueling Facilities: Miscellaneous on-airfield fueling facilities and related uses;
- Multi-Tenant Aircraft Hangars: Individual bays occupied by corporate aircraft;
- Multi-Tenant Cargo Warehouse: Spaces occupied by OAK Airlines and their Airline Services providers;
- Office, Warehouse and Storage Spaces: Miscellaneous spaces throughout the Airport in various buildings and vacant parcels; and
- Rental Car Parking Lots: Overflow lots associated with (but separate from) the common use Rental Car Center (RAC).

Consideration payable to the Port for the above agreements generally consists of two types:

- Fair Market Rental Value (FMRV): Tenant pays monthly rent for premises based on the fair market rental value which has been adjusted annually based on increases in the Consumer Price Index. FMRV is reviewed periodically and increased based on either a third-party appraisal or other market-rate factors.
- Percentage of Gross: Service providers without premises are charged ten percent (10%) of gross revenues derived from activities on the Airport, subject to a fixed monthly minimum fee of \$250 (\$500 for caterers).

BUDGET & STAFFING

The proposed action does not have any budget or staffing impact.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters included in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

<https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

- Goal: Grow Net Revenues
- Goal: Improve Customer Service

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), apply to those agreements referenced on Exhibit 1 which employ 21 or more employees working on Port-related work and the tenancy agreement is greater than \$50,000. Living Wage Regulations do not apply to those agreements referenced on Exhibit 1 where the tenant does not employ 21 or more employees working on Port-related work or where the tenancy agreement is not expected to generate greater than \$50,000 in payments to the Port over the term of the tenancy agreement. However, the tenant will be required to certify that should living wage obligations become applicable, the tenant shall comply with the Living Wage Regulations.

SUSTAINABILITY

Port staff have reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that presents sustainability opportunities.

ENVIRONMENTAL

CEQA Determination: This action to extend the term by five (5) years of seventy (70) existing agreements between tenants and service providers currently operating at Oakland International Airport and give the Director of Aviation authority to execute the extension agreements was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA). The general rule in Section 15061(b)(3) of the CEQA Guidelines states that CEQA applies only to activities that have a potential for causing a significant effect on the environment. It can be seen with certainty that there is no possibility that the extension of these seventy (70) agreements will result in a physical change in the environment, and therefore is not subject to CEQA.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

The Owner Controlled Insurance Program (OCIP) does not apply to the matters addressed by

this Agenda Report as the agreements referenced in Exhibit 1 are not capital improvement construction projects.

OPTIONS

1. Adopt an ordinance covering the seventy (70) agreements listed on Exhibit 1 between the Port and tenants and service providers by: (i) extending the term of each agreement by five (5) years (from July 1, 2018 through June 30, 2023); and (ii) giving the Director of Aviation authority to execute extension agreements, subject to the Port Attorney's review and approval as to form and legality; this is staff's recommendation; or
2. Instruct staff to seek Board approval on an individual basis for each of the seventy (70) agreements; such action being time-consuming, inefficient and unlikely to result in significantly different terms and conditions.

RECOMMENDATION

Adopt an ordinance to: (i) extend the seventy (70) agreements listed on Exhibit 1 for five (5) years (from July 1, 2018 through June 30, 2023); and (ii) grant the Director of Aviation authority to execute extension agreements, subject to Port Attorney's review and approval as to form and legality.

Exhibit 1
Airport Properties Agreements Previously Approved by Board Action

Party	Use	Location	Agreement ¹	Board No. ²	Board Date	Monthly Rent	FY17-18 Revenue ³
A/C Supply	Airline Services ⁴	North Field: L142	L&C	R: 09-097	04-15-1997	\$ 889.89	\$ 10,577
Airport Mailers	Passenger Amenity	South Field: M103	TRA	No Action	N/A	300.00	3,600.00
Airport Terminal Services, Inc.	Airline Services	North Field: M103	SUP	O: 4221	05-18/2017	14,985.70	170,843.00
Alaska Airlines, Inc.	Warehouse	South Field Cargo Building	SUP	O: 4335	05-28-2015	17,658.22	202,620.00
Alameda County Mosquito Abatement	Environmental Investigation	No Premises	SUP	O: 4242	07-11-2013	0.00	0.00
American Heart Association	CPR Training Kiosk	South Field: M103 and M367	TRA	No Action	N/A	0.00	0.00
ARINC	Airline Services	South Field: M367	SUP	O: 4320	01-15-2015	250.00	3,000.00
Aviation Port Services, LLC	Airline Services	South Field: Various	SUP	O: 4305	09-11-2014	7,945.80	427,979.00
British Airways, PLC	Airline Services	No Premises	SUP	O: 4304	09-11-2014	250.00	21,600.00
Cal-Air Aviation Services, Inc.	Airline Services	No Premises	SUP	R: 09-140	10-06-2009	250.00	3,000.00
Chevron U.S.A., Inc.	Environmental Investigation	South Field Tank Farm	L&C	R: 06-060	03-07-2006	0.00	0.00
City of Oakland – Oakland Police Department	Aircraft Storage	North Field: L710	L&C	O: 4385	07-14-2016	0.00	0.00
City of Oakland – Parks and Recreation	Soccer Field	North Field: L903	Lease	O: 3525	07-06-1999	0.00	0.00
Civil Air Patrol	Squadron Headquarters	North Field: L130	SUP	O: 4451	11-30-2017	0.00	0.00
CleanNet of the Bay Area	Airline Services	No Premises	SUP	O: 4233	06-13-2013	250.00	4,200.00
CMC Food Services	Storage	South Field: M367	ROE	O: 4223	04-11-2013	519.08	5914.00
DAL Global Services, LLC	Warehouse	South Field Cargo Building	L&C	R: 04-004	01-20-2004	8,450.96	685,504.00

¹ Agreement Types: Lease = *Lease*; L&C = *License and Concession Agreement*; ROE = *Right-of-Entry and Indemnity Agreement*; SUP = *Space/Use Permit*; MOU = *Memorandum of Understanding*; TRA = *Temporary Rental Agreement*.

² Board action take: R = Resolution and O = Ordinance, or where “No Action”: this action will be the first time the Board has approved the agreement.

³ Projected revenue in the Board’s adopted FY2017-2018 Budget.

⁴ Airline Services include: passenger, ground and cargo handling; airline catering; aircraft and equipment maintenance and repair; airline facilities janitorial.

Party	Use	Location	Agreement	Board No.	Board Date	Monthly Rent	FY17-18 Revenue
DeSilva Gates Construction	Construction Storage	Doolittle Drive @ Eden Road	TRA	R: 12-121	09-20-2012	2,500.00	30,000.00
EcoServices, LLC	Airline Services	No Premises	SUP	O: 4230	03-28-2013	250.00	73,200.00
Federal Express Corporation	Drop Box	South Field: M103	ROE	R: 09-9151	04-20-1999	355.00 ⁵	355.00
Flying Food Group, LLC	Airline Services	No Premises	SUP	R: 10-154	11-16-2010	500.00	252,000.00
Fox Rent-a-Car	Rental Car Facility	North Field: L814	L&C	R 08-207 R: 11-096	06-19-2007 09-01-2011	18,098.31	213,144.00
G2 Secure Staff, LLC	Airline Services	No Premises	SUP	O: 4233	06-13-2013	250.00	156,000.00
GMR Aerial Surveys, Inc.	Aerial Photography	North Field: L908	L&C	R: 10-153	11-16-2010	1,360.34	15,742.00
Gate Gourmet, Inc.	Airline Services	No Premises	ROE	O: 4230	04-11-2013	500.00	12,000.00
Gateway Frontline Services, Inc.	Airline Services	No Premises	SUP	R: 10-165	12-14-2010	250.00	288,000.00
Goldring Power, LLC	Light Manufacturing	North Field: L551	SUP	R: 12-067	06-07-2012	3,554.00	42,648.00
Host International	Concessions Office & Storage	South Field – Multiple Spaces	SUP	O: 4227	04-11-2013	0.00	0.00
HSS Inc.	Airport Contract Security Services	South Field: X106	TRA	O: 4375	04-28-2016	0.00	0.00
Jet Blast Aircraft Detailing, LLC	Aircraft Cleaning	No Premises	SUP	R: 12-036	04-05-2012	553.00	6,636.00
Jett Pro Line Maintenance, Inc.	Airline Services	No Premises	L&C	R: 04-240	09-07-2004	250.00	102,000.00
Leidos, Inc.	TSA Equipment Maintenance	No Premises	SUP	O: 4291	06-26-2014	0.00	0.00
Lloyd W. Aubry Co., Inc.	Airline Services	No Premises	L&C	R: 04-210	08-03-2004	250.00	3,000.00
Master Lightning Security Solutions	Airline Services	No Premises	SUP	O: 4233	06-13-2013	250.00	36,000.00
Matrix Aviation Services, Inc.	Airline Services	No Premises	ROE	R: 09-141	10-06-2009	250.00	72,000.00
MorphoTrust USA, LLC	TSA Pre-Check Enrollment Services	South Field: M130	TRA	No Action	N/A	0.00	0.00
New Tech Aircraft Services, Inc.	Airline Services	No Premises	SUP	R: 11-148	01-17-2011	250.00	20,400.00
New Zoom	Automated Retail	South Field: Various	SUP	O: 4287	07-14-2016	2,500.00	37,986.00
Next Century Aviation	Aircraft Storage	North Field: L710	L&C	R: 07-198	08-07-2007	3,049.00	36,588.00

⁵ FedEx rental is per year, not per month

Party	Use	Location	Agreement	Board No.	Board Date	Monthly Rent	FY17-18 Revenue
Nocal Rental (Payless)	Rental Car Facility	North Field: L618	L&C	R: 11-097	09-01-2011	9,957.32	140,916.00
Oakland Flyers	Flight and Ground Training School	North Field: L606	L&C	R: 04270	10-05-2004; 12-04-2007	1,927.00	23,124.00
Oakland Fuel Facilities Corp.	Modular Structure Parking	South Field Stadium Area	L&C	R: 04-039	03-02-2004	461.72	5,362.00
Oakland Fuel Facilities Corp.	Vehicle Fueling Facilities	South Field Stadium Area	L&C	O: 3379	09-02-1997	1,808.48	21,278.00
Oakland Aviation Museum	Storage	Lower Level T1 (M103)	L&C	R: 4223	04-11-2003	0.00	0.00
Pacific Telecomm Services (PTS)	Pay Phones	South Field: Various	SUP	O: 4386	07-14-2016	0.00	0.00
Passur Aerospace, Inc.	Radar Facilities	ARFF	SUP	R: 10-064	06-22-2010	0.00	0.00
Piedmont Airlines, Inc.	Airline Services	No Premises	SUP	R: 12-037	04-05-2012	250.00	3,000.00
PrimeFlight Aviation Services, Inc.	Airline Services	No Premises	SUP	O: 4336	05-28-2015	250.00	66,000.00
Rainbow Mobile Wash	Airline Services	No Premises	L&C	R: 04-045	03-02-2004	250.00	3,000.00
Safeway, Inc.	Aircraft Storage	North Field: L810	L&C	R: 09-068	06-02-2009	39,399.00	472,788.00
San Francisco Parking	Shuttle Bus Lot	North Field: Earhart/Langley	L&C	R: 07-289	06-05-2007	22,220.00	267,528.00
SCIS Air Security Corp.	Security Services	No Premises	L&C	R: 09-157	11-03-2009	250.00	18,000.00
Signature Flight Support	FBO	North Field: L710A	L&C	R: 4253	12-26-2013	10,571.72	126,860.64
Silver Dragon Café LLC	Concession Storage	South Field: M103	SUP	O: 4227	04-11-2013	0.00	0.00
Sky Chefs, Inc.	Airline Services	South Field: M111	SUP	O: 4230	04-11-2013	2,500.00	336,000.00
Smarte Carte, Inc.	Carts and Lockers	South Field: Various	SUP	O: 4425	06-08-2017	651.30	93,979.00
Southwest Airlines Co.	Warehouse	South Field Cargo Building	L&C	R: 07-024	02-06-2007	23,654.41	277,420.00
Southwest Airlines Co.	Ground Support	North Field: L617	L&C	R: 07-295	12-18-2007	8,185.00	98,220.00

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