

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Aitken

SUBJECT: SEE BELOW

DATE: August 22, 2022

Approved



Date

8/30/22

**SUBJECT: AMENDMENT TO LEASE OF AIRPORT PREMISES BETWEEN THE
CITY OF SAN JOSE AND THE GENERAL SERVICES
ADMINISTRATION PUBLIC BUILDING SERVICES**

RECOMMENDATION

Adopt a resolution authorizing the City Manager to negotiate and execute amendments to the lease (Lease) between the City of San José (City) and General Services Administration Public Building Services (GSA) for leased premises for the Transportation Security Administration (TSA) at the Norman Y. Mineta San José International Airport (SJC) to:

- (a) Extend the term by four years from December 31, 2022 to December 31, 2026; and
- (b) Implement annual rate adjustments and changes in leased space at any time during the term of the Lease.

OUTCOME

Delegation of authority to the City Manager will allow the City Manager to negotiate and execute amendments to the Lease. The Lease allows TSA to occupy administrative and break room space at SJC. This space is essential to TSA staff performing checkpoint and baggage handling security screening operations at SJC.

BACKGROUND

GSA, representing TSA, provides administrative and breakroom leased space for employees pursuant to Aviation and Transportation Security Act at airports throughout the United States. TSA has occupied 4,708 square feet of leased space at SJC since November 18, 2002, in support of TSA's checkpoint security and baggage screening functions. City Council delegated authority to the City Manager under Resolution 77619 to extend the term through December 31, 2022, and to negotiate and execute amendments to the agreement to adjust the annual rates based on terminal rates, fees, and charges and to expand or contract space as needed.

ANALYSIS

The current Lease agreement expires on December 31, 2022 and TSA desires to extend the term through December 31, 2026. The Lease is terminable without cause at any time with 120 days' notice by either party. Revenue from this Lease agreement generates approximately \$1,339,000 annually to the City.

The Lease provides TSA with onsite administrative and breakroom space at SJC to support its employees. TSA operations directly impact the safety and security at SJC and are required by the Aviation and Transportation Security Act. Staff recommends City Council authorize the City Manager to extend the term of the Lease through December 31, 2026 and continue to negotiate and execute amendments to the Lease to account for lease rate adjustments resulting from the City's annual Airport Rates and Charges Resolution. Authorization to adjust leased space allows TSA and the City to mutually agree to adjust the leased space based on the needs of both SJC and TSA.

CONCLUSION

Delegation of authority to the City Manager will allow TSA to continue uninterrupted safety and security operations at SJC and provide break rooms and support space for TSA staff through December 31, 2026. The City will receive annual revenue of approximately \$1,339,000. The City Manager will have the authority to amend the Lease agreement to adjust the annual rent based on rates, fees and charges established by the City and adjust the leased space as mutually agreed to by both parties.

EVALUATION AND FOLLOW-UP

The Director of Aviation shall be responsible for the coordination of this Lease agreement and shall render overall supervision of its progress and performance.

CLIMATE SMART SAN JOSE

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

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POLICY ALTERNATIVES

Alternative #1: SJC could allow the Lease to expire and TSA would have to vacate its leased premises.

Pros: SJC would have additional space to lease to other potential airport tenants.

Cons: SJC has no other tenants who wish to lease the space and the space would likely be vacant for the foreseeable future. TSA would not have onsite administrative and breakroom space for its employees and would likely have to find space outside of SJC that would result in inefficient operations at the checkpoints.

Reason for not recommending: It is in the best interest of SJC to have TSA offices onsite in order to allow for a quick response of its staff. This is also a significant source of non-airline revenue to SJC. Rejection of the Lease extension would not allow TSA to have an area for staff to have breaks or provide administrative services onsite after December 31, 2022.

PUBLIC OUTREACH

This item will be posted on the City Council's Agenda website for the September 13, 2022 City Council meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts resulting in no physical changes to the environment.

/s/
JOHN AITKEN, A.A.E.
Director of Aviation

For questions, please contact John Aitken, Director of Aviation at (408) 392-3611.