


CITY COUNCIL ACTION REQUEST

Department(s): Airport	CEQA: Not a Project, File No. PP17-003, Agreements/	Coordination: CAO, CMO – Budget Office	Dept. Approval: /s/ John Aitken, A.A.E.
Council District(s): Citywide	Contracts (New or Amended) resulting in no physical changes to the environment.		CMO Approval: 

SUBJECT: THIRD AMENDMENT TO THE LEASE OF AIRPORT PREMISES WITH SOUTHWEST AIRLINES AT 1239 AIRPORT BOULEVARD (10343-LE-08)

RECOMMENDATION:

Adopt a resolution authorizing the City Manager or designee to negotiate and execute a Third Amendment to the Lease of Airport Premises (“Warehouse Lease”) with Southwest Airlines Co. (“Southwest”) to:

- (a) Extend the term of the lease for five additional years, from January 1, 2021 to December 31, 2025; and
- (b) Revise the termination provision to no less than 90 days written notice from either the Tenant or the City.

BASIS FOR RECOMMENDATION:

On December 1, 2008, the City entered into a two-year lease with Southwest for the lease of a temporary provisioning facility at Mineta San José International Airport (“Airport”), which was fully executed on April 3, 2009. An executed First Amendment extended the lease term to December 31, 2015 and an executed Second Amendment extended the lease term to December 31, 2020. The lease encompasses approximately 11,000 square feet of hangar/office space as well as approximately 9,000 square feet of surrounding asphalt/concrete, located directly north of the current Southwest Provisioning Ground Lease on the southeast corner of the Airport. Southwest is currently paying rent to the City of \$18,615.31 per month or \$223,384 annually. Approval will allow Southwest to make long term operations goals for use of the premises.

Southwest Airlines bears the burden of all costs for maintenance and improvements to the premises at no cost to the City of San José. Staff recommends approval to allow uninterrupted operations by Southwest for essential passenger service and will also allow continued revenue to the Airport.

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

Commission Recommendation/Input: No commission recommendation or input is associated with this action.

COST AND FUNDING SOURCE:

There are no additional costs to the City as a result of approving this recommendation.

FOR QUESTIONS CONTACT: Scott Riddle, Interim Principal Property Manager (408) 392-3681