



Legislation Details (With Text)

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Title: Approve First Amendment to Lease Agreement between the City of Fresno and SkyWest Airlines, Inc., for hangar facility and ramp space at Fresno Yosemite International Airport (Council District 4)

Sponsors: Airports Department

Indexes:

Code sections:

Attachments: 1. 11-17-16 SkyWest Lease Agreement First Amendment.pdf

Date	Ver.	Action By	Action	Result
11/17/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

November 17, 2016

FROM: KEVIN R. MEIKLE, Director of Aviation
Airports Department

SUBJECT

Approve First Amendment to Lease Agreement between the City of Fresno and SkyWest Airlines, Inc., for hangar facility and ramp space at Fresno Yosemite International Airport (Council District 4)

RECOMMENDATION

Staff recommends City Council approve First Amendment to Lease Agreement (Lease) between the City of Fresno and SkyWest Airlines, Inc. (SkyWest), at Fresno Yosemite International Airport (FAT).

EXECUTIVE SUMMARY

SkyWest rents and operates a regional maintenance hub at FAT. The Lease was executed on September 1, 2016. First Amendment adds two necessary provisions that were not included in the Lease, surety deposit and late payment fee language. SkyWest also recognized the inadvertent omission and agreed to this change.

BACKGROUND

SkyWest has ten regional maintenance facilities throughout the United States. The FAT facility totals 625,393 square feet of hangar, shop and ramp space. SkyWest employs 175 aircraft mechanics, engineers, technicians and support staff at the site. In addition to the lease revenue generated and employment levels, its presence also contributes to FATs airline service because SkyWest is a regional partner with all of our major carriers.

This Amendment will include provisions for surety deposit and a late payment charge. The surety deposit can be used if SkyWest misses any monthly payment or is in financial distress. The late payment fee allows for the Airport to charge a finance charge of eighteen percent (18%) per annum on any late rent payments. Both of these provisions are consistent with Airports and industry standards. Both provisions were also part of the City's previous lease agreements with SkyWest. SkyWest has in the past and continues to meet all of their lease obligations, including making lease payments in a timely and responsible manner.

The First Amendment has been approved as to form by the City Attorney's Office.

ENVIRONMENTAL FINDINGS

This Amendment is not a project pursuant to CEQA Guidelines Section 15378.

LOCAL PREFERENCE

Local preference does not apply because this Amendment does not include a bid or award of a construction or services contract.

FISCAL IMPACT

First Amendment will allow Airports to collect, and retain for the term of the Lease, a surety deposit in the amount of \$158,352, which is equal to three times the monthly rent. There is no impact to the General Fund from this item.

Attachment:
First Amendment to Lease Agreement