



## Legislation Text

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**File #:** 18-1259, **Version:** 1

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Community Development Services, Administration and Finance Division, recommending the Board approve and authorize the Chair to sign the County of El Dorado Airport Ground Lease for Portable Hangars 311-L1711 for Hangar Space H-14, a Rectangular Hangar at the Placerville Airport, with Daniel A. and Karen L. McNeill, in an amount of \$1,021.68 per year as established by Resolution 105-2017, for an initial term of ten years with two additional ten-year lease options. (4/5 vote required)

**FUNDING:** Placerville Airport Enterprise Fund - Fee Revenue.

### **DEPARTMENT RECOMMENDATION**

Community Development Services (CDS), Administration and Finance Division, recommending the Board approve and authorize the Chair to sign the County of El Dorado Airport Ground Lease for Portable Hangars 311-L1711 (Ground Lease), for Hangar Space H-14, a Rectangular Hangar at the Placerville Airport with Daniel A. and Karen L. McNeill (Leaseholders), in an amount of \$1,021.68 per year as established by Resolution 105-2017, for an initial term of ten years with two additional ten-year lease options.

### **DISCUSSION / BACKGROUND**

Airport users with portable hangars must enter into a lease agreement with the County for the use of Airport property, in accordance with County Ordinance Code § 3.08.021. The Ground Lease includes language required by the County and the Federal Aviation Administration.

The Leaseholders' previous Airport Land Use Agreement for Hangars 126-L0611 expired on December 31, 2016. It has been over the course of this last year or so that all new or renewing airport lease agreements have been on hold pending the County's review of its Airport Hangar Lease Program and lease agreement language. Rent was paid during this period pursuant to section 27 of the lease. CDS staff, in working closely with County Counsel's office, has determined that no changes are required to the Program or language at this time. The attached Ground Lease (Attachment B) is now able to move forward for Board approval.

This proposed Ground Lease represents a new lease agreement with the Leaseholders, upon which a rectangular 1,548 square-foot, privately-owned portable aircraft storage hangar will be utilized. If approved, the Ground Lease will provide an initial lease term, commencing upon execution by the Board of Supervisors and ending ten years thereafter, and will allow the Leaseholders, upon expiration of the initial term, to exercise two additional ten-year lease options, under such terms and conditions as may be agreed upon at such time.

In accordance with the County's Ordinance Code § 18.04.100, Fees and Charges, fees for airport ground leases are set by a Board-adopted Resolution; therefore, lease fees are not negotiated. Current Airport fees were approved by the Board on June 27, 2017 (Item 20), under Resolution 105-2017. The current rate for ground leases of this type is set at \$0.055 per square foot per month, which brings the subject Ground Lease to \$1,021.68 per year. The proposed Ground Lease provides for an annual adjustment of this amount if the Board adopts different rates in the future.

## **ALTERNATIVES**

The Board could choose to:

- 1) Approve the Ground Lease with a different term of the Board's choosing, for both the initial term and term options; or
- 2) Disapprove the Ground Lease, which will require the Leaseholders to remove their portable hangar from the Placerville Airport, Space H-14, and result in the loss of lease revenue until such time as a new hangar owner is secured and an airport ground lease agreement is approved by the Board.

## **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

County Counsel and Risk Management approved the proposed Ground Lease.

## **CAO RECOMMENDATION**

It is recommended that the Board approve this item.

## **FINANCIAL IMPACT**

The Placerville Airport Enterprise Fund will receive revenue of \$1,021.68 per year for the subject Ground Lease at the Placerville Airport. The lease rate per unit is set by Resolution 105-2017, approved by the Board on June 27, 2017 (Item 20). Should the Board adjust rates in the future, annual lease payments will also adjust, commensurate with Board direction.

## **CLERK OF THE BOARD FOLLOW UP ACTIONS**

- 1) Clerk of the Board will obtain the Chair's signature on the two (2) original copies of the Ground Lease.
- 2) Clerk of the Board will return one (1) fully executed original copy of the Ground Lease to the CDS Administration and Finance Division, attention of Sherrie Busby, Administrative Services Officer, for transmittal to the Leaseholders.

## **STRATEGIC PLAN COMPONENT**

Economic Development and Good Governance.

## **CONTACT**

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Community Development Services, Administration and Finance Division