

Airport Committee Meeting Notes
July 20, 2016

Item 2 Public Comment

- None

Item 3 Purpose Statement

- The committee reviewed the purpose statements developed by Jeff Harner and City staff and determined that they preferred a shorter purpose statement to allow for greater flexibility.
- Below is the cleaned up version of the purpose statement approved by the Committee. This purpose statement will be incorporated into the Purpose Document that will be proposed to City Council for consideration.

The purpose of the Airport Advisory Committee is to work with City leaders to facilitate growth and financial prosperity at the airport and in the region by: maximizing the contribution of the airport; being advocates of the airport and communicating airport interests to stakeholders; staying abreast of all modern advances made in aviation; ensuring the airport is maintained and operated in a manner that is a safe and secure environment for all visitors; providing input and guidance on infrastructure improvements; and being supportive of all aspects of aviation from general aviation, corporate, and commercial patrons to the non-flying public.

- Staff was asked to circulate a copy of the City's Economic Development Commission Action Plan and City Council's balanced score card to be used as models in the development of the Airport Committee Action Plan.

Item 4 Brown Act Review

- The City Manager provided an overview of the Brown Act as it relates to the Committee's actions and activities.

Item 5 EDC Subcommittee Report

- Richard Pearl provided the Committee a copy of the report that was completed on the airport's finances and economic opportunities. The report was provided as an information item.

Item 6 Nunno Lease

- City Staff reviewed the Nunno Lease with the Committee and led the Committee in a discussion of the options for addressing the expiration of the lease (December 15, 2016).
 - The options that were discussed are identified below:
 - **Option 0.5: Hold Over**
 - Let the hold over clause in the lease to become effective upon lease termination.
 - This allows for the lease to essentially become a month to month lease with the same rental rates.
 - This option was proposed by Jeff Harner to allow for more time to evaluate the issue.

- Staff expressed a desire to have a lease policy developed and adopted sooner than later to aid with lease management at the airport.
- **Option 1 Extend the Nunno Lease:**
 - Conduct market study to set new lease rate.
 - Confirm with FAA maximum duration. We believe it is 10-years.
 - Draft new lease terms
 - Could incorporate use fees
 - Execute lease and have Council Adopt
- **Option 2 Let the Lease Expire and Exercise Reversion on Only Those Hangars Owned By Nunno:**
 - Under this option the existing lease with Nunno would be allowed to expire and the City would only exercise the reversion rights afforded by the lease on those 4 hangars still owned by Nunno. The owners of the remaining 70 hangars would be required to enter into a new ground lease.
 - Enter into new ground leases with each of the owners of the 70 hangars.
 - Determine if there is a legal issue allowing owners of the fixed hangars to keep the hangars. Would this be a gift of public
 - Establish market rate for rent
 - Determine lease term
 - Establish maintenance structure for fixed units.
 - Require the establishment of an HOA type Structure and require each owner to be responsible for the cost to maintain all components that are directly related to their individual hangar (doors, rail system, etc.) and require the HOA to be responsible for a pro-rated share of the common structure components (roof).

OR

- Serve as a Property Manager (as Nunno does now) and require each owner to be responsible for the cost to maintain all components that are directly related to their individual hangar (doors, rail system, etc.) and require each owner to be responsible for a pro-rated share of the common structure components (roof).
- Maintenance of the portable units would entirely be the responsibility of the owner.
- Rent out the four hangars that would revert. And join maintenance structure based on one of the options above or another option. For example if the roof in one of the fixed units required replacement, the City would be responsible for the cost equal to our pro-rated share of the building.
- **Option 3 Let the Lease Expire and Exercise Reversion on all Fixed Structures:**

- Under this option all of the fixed hangars (all of T and N Rows and S-12 and P-12) would be reverted. This would include the reversion of 26 hangars.
 - Enter into new ground leases with each of the owners of the 48 portable hangars.
 - Establish market rate for rent
 - Determine lease terms
 - Maintenance of the portable units would entirely be the responsibility of the owner.
 - Rent out all 26 fixed hangars that would revert.
 - Establish market rate for rent
 - Determine lease terms. Current City rentals are all short term leases with escalation.
 - Maintenance of the fixed units would be the responsibility of the City.
 - **Option 4 Terminate Nunno Lease on Porta Port Hangars and Enter Into a New Lease for All Fixed Hangars**
 - This was a new option that came from the discussion.
 - Staff will evaluate the financials associated with this option.
- After reviewing the options the group had a lengthy discussion.
 - The need to consider how this decision will impact the good-will at the airport was discussed.
 - The need to consider impacts to existing and potential businesses was discussed.
 - Councilman Nadar recommended a Task Force be formed. At this time, the Committee wanted the entire group to be involved.
 - Byron was also going to check with a pilot's group legal counsel for input.
 - Staff will report back on finding regarding FAA lease requirements.
 - Staff will reach out to Nunno again to try to obtain the lease documents.

Item 7: Next Meeting

- Special Meeting Two Weeks. August 3, 2016
- Councilman Nadar requested for a report out on maintenance and operations at the regularly scheduled meetings.