



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 2/27/2018

Agenda Placement: 6N

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors

**FROM:** Steven Lederer - Director of Public Works  
Public Works

**REPORT BY:** Greg Baer, Interim Airport Manager - x4665

**SUBJECT:** Lease Agreement with REACH Air Medical Services, LLC

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### **RECOMMENDATION**

Director of Public Works requests approval of and authorization for the Chair to sign a lease agreement with REACH Air Medical Services, LLC to lease space at the Napa County Airport for an annual rental fee of \$96,000 for the term April 1, 2018 through March 31, 2021 with an annual rental rate adjustment of 2.5%.

### **EXECUTIVE SUMMARY**

Within the Napa County Airport, the County owns four buildings originally constructed by Japan Airlines and IASCO, and most recently leased by the International Airline Training Academy (IATA). The four buildings which include two hangars, total 107,855 square feet that is now vacant with the departure of IATA in late 2017. Since IATA's announcement of their departure, Public Works staff has been working to identify tenants to occupy portions of these buildings.

Approval of a lease with REACH Air Medical Services, LLC will allow them use of approximately 17,000 square feet at 1950 Airport Road, comprised of a hangar, first and second floor office space, parts/maintenance rooms, and apron area for a monthly rental fee of \$8,000. The term is proposed to begin on April 1, 2018 and run through March 31, 2021 with an option to extend the lease term for two (2) consecutive, one (1) year periods. Commencing April 1, 2019, the rental rate shall be increased annually at a rate of two and a half percent (2.5%).

The lease and rent Commencement Date will be April 1, 2018, however occupancy will be allowed on February 1st for the purpose of Lessee constructing their tenant improvements. During such period REACH will be bound to all terms of the lease, except for payment of rent.

**FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Airport-Operations Fund 5010 subdivision 50100-00. General Fund - Possessory Interest and Property Tax Revenues
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The Napa County Airport Enterprise Fund will receive annual rental income totaling \$96,000 during Fiscal Year 2017/18 and Fiscal Year 2018/19. In addition to rental income for the Airport Enterprise Fund, the County's General Fund will benefit through the collection of Possessory Interest associated with the lease of real-property, and Property Taxes linked with the lessee's helicopter being based at the Napa County Airport.
Is the general fund affected?	Yes
Future fiscal impact:	Continued Airport and General Fund revenues through the term of the lease.
Consequences if not approved:	Not approving this agreement will result in the Airport Enterprise Fund and General Fund not receiving the potential revenues, and would prevent REACH from having a local base for their air ambulance services.
Additional Information:	

**ENVIRONMENTAL IMPACT**

**Consideration and possible adoption of a Categorical Exemption Class 1:** It has been determined that this type of project does not have a significant effect on the environment and is exempt from the California Environmental Quality Act. [See Class 1 ("Existing Facilities") which may be found in the guidelines for the implementation of the California Environmental Quality Act at 14 CCR §15301; see also Napa County's Local Procedures for Implementing the California Environmental Quality Act, Appendix B.]

**BACKGROUND AND DISCUSSION**

REACH Air Medical Services, headquartered in Santa Rosa, California, provides air medical transportation for critically ill and injured patients across the western United States. REACH would like to establish an air ambulance base (with a focus on neonatal transport missions) at the Napa County Airport and has requested to lease approximately 17,000 square feet of space comprising a hangar, first and second floor office space, shop/parts rooms, and apron area located at 1950 Airport Road.

As an established base at the Napa County Airport, REACH will have a 24/7 presence consisting of a 3-person crew operating a state-of-the-art helicopter specially outfitted with bassinets facilitating the safe and rapid transportation of neonatal patients. REACH has strategically chosen the Napa County Airport to serve this niche need within the North Bay.

REACH initially engaged the County's previous tenant, the International Airline Training Academy (IATA) and proposed to sublease a portion of the identified area. However, prior to the County's approval of a sublease, IATA notified the County of their intent to terminate their lease, which became effective on December 31, 2017.

Subsequently, staff entered into discussions with REACH about the potential to lease to them directly and for the entire 17,000 square foot building, to which they showed significant interest. In addition to leasing out a currently vacant facility and creating revenue for the Airport Enterprise Fund and General Fund, REACH offers a community wide benefit to Napa County and surrounding areas for critical medical transportation needs.

The recommended lease agreement includes provisions for REACH to pay a base rent of \$8,000 per month. REACH has also agreed to allow the County to continue marketing portions of the 1950 Airport Road property which could lead to additional tenants within this facility, reducing the space identified for REACH without a reduction in their base rent. REACH will also contribute \$0.05 per square foot per month for utility payments. Finally, REACH and the County have agreed that the location being leased should be considered temporary and will work collaboratively on identifying another existing structure at the airport with the required improvements for their use, or a portion of land for the purpose of REACH constructing an office and hangar for their long-term exclusive use.

### **SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Bret Prebula