



NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Michael Stoltz for Robert Peterson - Director
Airport
REPORT BY: Kathy Dubrin, Staff Services Analyst II , 259-8683
SUBJECT: Tallwood Management Co., LLC Land Lease

RECOMMENDATION

Director of Public Works/Aviation requests approval of and authorization for the Chair to sign a land use agreement with Tallwood Management Co., LLC., for \$10,800 per year with annual increases based upon the Consumer Price Index, to lease 45,000 square feet of airport land for the term May 1, 2006 through April 30, 2026.

EXECUTIVE SUMMARY

Napa County Airport currently has 11 land lease agreements for the construction of privately owned aircraft storage hangars. Tallwood Management Co., LLC. previously signed Napa County Agreement No. 4858 dated October 1, 2002 to lease 37,200 sq.ft.of available land and has since completed construction of a corporate aircraft storage hangar. Tallwood sites the Napa Valley Airport as the location for their corporate jets and would like to lease an additional 45,000 square feet of land to build another aircraft storage hangar.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	The Tallwood Management Co., LLC lease agreement will provide additional funds to the Airport Enterprise in the form of annual land rental revenue of \$10,800 (45,000 square feet at \$0.24 per square foot).
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The Airport Enterprise Fund will benefit from the land lease revenue. The General Fund will benefit from the additional property tax revenue collected on the based aircraft leasing the storage hangar. The

County will receive 19% of the total property tax collected on the two aircraft anticipated to be based at this hanger, and an additional aircraft anticipated to be stored at the present lease site. This is estimated at \$75,000 per year.

Is the general fund affected? Yes

Future fiscal impact: The Napa County Airport Enterprise Fund will continue to receive funds from the lease for a period of twenty five years which may be extended by one five year period, for a total of twenty-five years. Property Tax received will also continue to benefit the County for a period of up to twenty-five years.

Consequences if not approved: The Napa County Airport would not be responding to the demand for aircraft storage hangars and the Airport and General Fund would not benefit from this revenue opportunity.

Additional Information: None

ENVIRONMENTAL IMPACT

The project is Categorical Exempt from the provisions of CEQA pursuant to Sections 15303 and 15311 consisting of the placement of minor accessory (appurtenant) structures at an existing institutional facility.

BACKGROUND AND DISCUSSION

The Napa County Airport has land available for the construction of aircraft storage hangars within the area at the Airport designated for hangar expansion by the adopted Airport Master Plan currently in effect. The demand for aircraft hangar storage space at Napa County Airport is a result of many factors. For several years, there has been a business shift to the convenience of aircraft ownership and a shift to using destination airports, away from scheduled commercial air service at large metropolitan airports.

This agreement will allow Tallwood Management Co., LLC. (Tallwood) to lease 45,000 square feet of open acreage for twenty years which may be extended by one five year period for a total of twenty-five years for the construction and use of a private storage hangar. Upon expiration of the lease agreement, Tallwood will surrender the leased premises including improvements to the County.

Tallwood will be requesting that the Board of Supervisors approve the transfer of its present lease to Sunset Aviation later this year after construction of its new hanger on the proposed leasehold site. Tallwood intends to transfer its Citation CJ1 located in its present hanger and replace its Falcon 2000 with a Global Express aircraft. Sunset Aviation plans to store a Jelly Belly Hawker 1000 corporate jet.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Andrew Carey