



Agenda Date: 6/28/2005  
Agenda Placement: 6AA

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Michael Stoltz for Robert Peterson - Director  
Airport  
**REPORT BY:** Michael Stoltz, Deputy Director of Public Works, 299-1365  
**SUBJECT:** Approval of agreements with JALUX Americas, Inc. and IASCO

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### **RECOMMENDATION**

Director of Public Works/Aviation requests approval of and authorization for the Chair to sign the following agreements:

1. Lease Termination agreement with IASCO, whereby IASCO agrees to terminate any and all rights it may have to occupy the leased premises and to operate as a Fixed Base Operator, as may be derived from the provisions of Napa County Lease Agreements No. 748-A and No. 2996; and
2. Lease agreement with JALUX AMERICAS, INC., for \$256,665 per year, with annual increases to the ground rent portion of this payment based upon the Consumer Price Index, limited to a maximum increase of three percent per year, for the term July 1, 2005 through June 30, 2015, with an option to extend for an additional term of ten years, for use of the premises at the Napa Valley Airport as a commercial flight training facility.

### **EXECUTIVE SUMMARY**

The County and JALUX have been in negotiations to replace and combine lease Agreements 748-A and 2996 with a single unified consolidated lease covering all the premises, improvements, and uses of the leased premises at the Napa Valley Airport property as a commercial flight training facility only. Such use precludes the conduct of Fixed Based Operator (FBO) activities on the leased premises, and requires that IASCO relinquish and terminate any rights IASCO may have to occupy the leased premises and operate as a FBO under the provisions of Lease Agreements 748-A and 2996.

### **FISCAL IMPACT**

Is there a Fiscal Impact?            Yes  
Is it currently budgeted?            Yes

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Where is it budgeted?	Airport
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	County and JALUX now desire to combine and replace both Lease Agreements 748-A and 2996, as amended, with a single unified consolidated lease covering all the leased premises, improvements, and use of the leased premises as a commercial flight training facility only, as well as to set forth revised rental rates and term length.
Is the general fund affected?	No
Future fiscal impact:	This lease is for a ten year period which will provide a stream of revenue to the Airport Enterprise Fund.
Consequences if not approved:	JALUX would discontinue its use of the Napa Valley Airport as a commercial flight training facility. The Airport would lose its stream of revenue for this leased activity.
Additional Information:	None

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

On February 4, 1992, the County, JALUX AMERICAS (JALUX), a successor in interest to JAL Enterprises, and International Air Service Company, and its wholly-owned subsidiary AVIASCO (IASCO) entered into Agreement No. 748-A for the long-term lease by JALUX and IASCO of a portion of Napa County Airport property for the construction and operation of facilities for training and instruction of airline pilots, classrooms, administrative offices and aircraft maintenance hanger facilities, and other fixed base operation (FBO) aviation activities. This agreement was subsequently amended in 1993 to increase the amount of leased area.

On January 22, 1991, County and JALUX entered into Lease Agreement No. 2996 for use by JALUX of a portion of the Napa County Airport property adjacent to leasehold 748-A, for the construction and operation of certain aviation-related office, classroom, simulator and parking facilities.

As Lease Agreement 748-A expires on June 30, 2005, the County and JALUX have been in negotiations to combine and replace both Lease Agreements 748-A and 2996, as amended, with a single unified consolidated lease covering all the leased premises, improvements, and uses of the leased premises as a commercial flight training facility only. Such use will preclude the conduct of FBO activities on the leased premises; and requires IASCO to relinquish and terminate any rights IASCO may have to occupy and operate as an FBO on the leased premises, under the provisions of Lease Agreements 748-A and 2996. IASCO has agreed.

The essential terms of the consolidated agreement with JALUX include:

1. \$0.21 per square foot rate applied to land included in leasehold for ground rent;
2. \$0.12 per square foot rate applied to land included in leasehold for improvements;

3. The term of the lease shall be for ten years, with an option to extend for another ten years;
4. All improvements will revert to the County either at the end of the ten-year lease; or in 20 years if JALUX exercises the option for additional ten year lease;
5. Consumer Price Index (CPI) increases shall be made on an annual basis for ground rent portion only (\$0.21 per square foot) with a maximum limitation to an aggregate annual increase of three percent.

**SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Andrew Carey