TO: Board of Supervisors
FROM: Steven Lederer - Director of Public Works Airport
REPORT BY: Greg Baer, Airport Manager - x4665
SUBJECT: Amendment No. 2 to Napa County Agreement No. 3371 and Amendment No. 1 to Napa County Agreement No. 6163 with Napa Jet Center, Inc.

RECOMMENDATION

Director of Public Works requests approval of and authorization for the Chair to execute the following lease amendment and license agreement amendment with the existing Fixed Base Operator at the Napa County Airport, which will enable the County to unencumber the western half of the Airport terminal area for potential redevelopment:

1. Amendment No. 2 to Napa County Agreement No. 3371 with Napa Jet Center, Inc., consenting to the relocation of Area #1 - Terminal Building Area to an alternate space; and
2. Amendment No. 1 to Napa County Agreement No. 6163 with Napa Jet Center, Inc., regarding the relocation of license space for the installation and operation of a self-serve fuel facility.

EXECUTIVE SUMMARY

On August 27, 2019, the Board directed staff to publicly release a Request for Proposals (RFP) for a potential second Fixed Base Operator (FBO) at the Napa County Airport to operate within the proposed development envelope located on the west side of the current terminal area. To facilitate that potential development, Sections 3.2.1 and 3.2.2 of that RFP set forth the County’s intent to unencumber two areas within the proposed development envelope utilized by the existing FBO under an existing lease and license agreement. The RFP also informs potential respondents that if the County was successful in amending the lease and license agreement to unencumber those areas, Proposers would be advised via addendum to the RFP.

Consistent with the RFP approved by the Board, staff requested, and Lynx Enterprise FBO (Lynx) agreed to amendments that unencumber the development envelope, effectively creating a “clean” development area. These amendments solely provide for the relocation of the services the existing FBO is already providing on the lease and
license areas (a flight school and self-serve fuel facility) and do not extend or otherwise alter the County’s current relationship with the existing FBO. Approval of the proposed amendments will allow for more certainty and control in any future re-development scenario at the Airport, and is expected to improve the responses to the RFP.

**FISCAL & STRATEGIC PLAN IMPACT**

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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<tbody>
<tr>
<td>Is there a Fiscal Impact?</td>
<td>Yes</td>
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<td>Is it currently budgeted?</td>
<td>No</td>
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<td>What is the revenue source?</td>
<td>Airport Enterprise Fund</td>
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<td>Is it Mandatory or Discretionary?</td>
<td>Discretionary</td>
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<td>Discretionary Justification:</td>
<td>Approval of both amendments will allow for more certainty and orderly re-development at the Airport, and is expected to garner improved bids, and therefore increased lease revenues for the County in a much shorter timeframe.</td>
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<td>Is the general fund affected?</td>
<td>No</td>
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<td>Future fiscal impact:</td>
<td>The proposed amendment to Agreement No. 6163 would require the Airport to fund the installation of the dry utilities (power and communication) from an existing power source to the relocated self-service facility. Based on estimates from the design engineer, the estimated project cost is $32,000. It is anticipated that the cost would be incurred in fiscal year 2021-22. It is anticipated this cost will be recouped many times over via improved bids in the current FBO RFP process.</td>
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<td>Consequences if not approved:</td>
<td>Forego increased lease revenues for the Airport in the shorter timeframe.</td>
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<td>County Strategic Plan pillar addressed:</td>
<td>Livable Economy for All: Improve and maintain the existing transportation and roads system to safely accommodate all users.</td>
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<td>Effective and Open Government</td>
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**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**

On August 27, 2019, the Board directed staff to publicly release a Request for Proposals (RFP) document for a
potential second Fixed Base Operator (FBO) at the Napa County Airport. Within sections 3.2.1 and 3.2.2 of the RFP, it describes the need to unencumber two areas within the proposed development envelope due to existing agreements that do not expire until at least June 2028. Unencumbering these two areas will remove these impediments to development for the ultimate winning bidder in the FBO process, and thus should generate a higher dollar proposal from that process, and increased revenue for the County/Airport.

Within the aforementioned sections, the RFP informs potential respondents that the County will work with the existing FBO to relocate the facilities, and any updates to these areas resulting from negotiations with the FBO would be provided via addendum to all potential respondents.

In June of 2018, Lynx FBO Network (Lynx) took over operating the sole FBO at the Airport as a result of a stock purchase of Napa Jet Center Inc., including Agreement No.'s 3371 and 6163.

Agreement No. 3371 includes the leasing of 1,350 square feet within the Airport Terminal Building that serves as the FBO's flight school premises. The proposed amendment enables the County to require the FBO to relocate its operations within the Airport Terminal Building to the 2000 Airport Road facility upon 180 days notice.

License Agreement No. 6163, which authorizes the use of the current location of the self-serve fuel facility. The proposed amendment provides for a process to move the facility at a future date to a location determined by the County. If Lynx does not move the facility upon receiving timely notice from the County, Agreement No. 3371 would terminate early - at the end of 2021.

It is important to ensure the preservation of a lease area for the flight school and self-serve fuel facility as a part of the development transition because these are services benefitting the general public and vital to a thriving airport.

As contemplated within the RFP, County staff requested, and Lynx agreed to amend Agreement No's 3371 and 6163, effectively creating a “clean” development envelope void of any encumbrances. With the exception of the County’s commitment to participate in the installation of the dry utilities to the relocated self-serve facility, Lynx’s consent to the amendments comes at no cost or further obligation to the County.

Approval of both amendments will allow for more certainty and orderly re-development at the Airport, and is expected to garner increased lease revenues for the County in a much shorter timeframe. Consistent with the RFP, staff is prepared to issue an addendum to all potential respondents once the amendments are approved. To that end, staff anticipates notifying all potential respondents by May 20, 2020 of this change, followed by another addendum with modified RFP documents reflecting these amendments. Staff will make updates to the RFP documents as quickly as possible, while balancing time commitments related to the COVID-19 response.

On March 17, 2020, in response to the fluid situation caused by COVID-19, staff issued an addendum extending the RFP due date from March 27, 2020 to May 8, 2020, followed by another addendum on April 23rd, which extended the deadline to July 17, 2020. Removal of these impediments should expedite negotiations as it simplifies the development process and eliminates the need to negotiate over the future price and terms of these specific areas. However, in light of the fluidity of the situation surrounding the COVID-19 pandemic, both from a world economic outlook, as well as from a local response perspective, staff may look to extend the RFP due date further. Board input on this, if any, is welcome.

Aside from the requested amendment to relocate the subject facilities, all other terms and conditions of the lease and license agreements will remain the same.
SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve
Reviewed By: Mary Booher