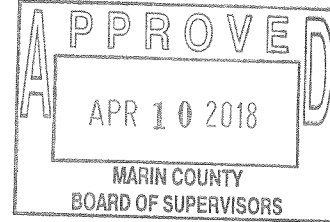


DEPARTMENT OF PUBLIC WORKS

Quality, Excellence, Innovation

Raul M. Rojas
DIRECTOR

April 10, 2018



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Marin County Board of Supervisors
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SUBJECT: Master Lease Agreement Between the County of Marin and
CB Aviation for County Unit 1 Office/Hangar Building
Unit 3 Fuel Facility at Gness Field Airport

Accounting

Dear Board Members:

Airport

RECOMMENDATION: Approve and authorize the President to execute the lease agreement with CB Aviation.

Building Maintenance

SUMMARY: The County Airport at Gness Field includes a group of 6 aircraft hangars and a two-story office building, often referred to as BEMAC Unit 1. The main hangar and attached office building comprise 12,440 square feet in total. The lease for Unit 1 dated back to 1968 and expired on February 25, 2018. Upon expiration of the Unit 1 lease, the main hangar and office building reverted to County ownership and management. The other 5 hangars are being rented on a month-to-month basis by their current owners and tenants through standard aircraft storage permits on file with the Airport Manager.

Capital Projects

Certified Unified Program Agency (CUPA)

Communications Maintenance

County Garage

In addition to Unit 1, there is a privately-owned and operated fuel facility referred to as Unit 3, that serves the Airport as the exclusive, on-site aviation fuel supplier. The lease for the Unit 3 fuel facility was extended on February 27, 2018, on a month-to-month basis to ensure continuous fuel supply for the Airport. The current Unit 3 lessee, DT Group, LLC., has owned and operated the fuel facility since 2005. While the business has remained solvent, revenues as a stand-alone fuel facility have not provided the capital required for improvements, such as a self-service fueling island, along with future regulatory facility upgrades. Had a new lease not been negotiated, the process to create a new lease and fuel facility would have taken a considerable amount of time and left the Airport without onsite fuel availability.

Disability Access

Engineering & Survey

Flood Control & Water Resources

Land Development

Purchasing

After several months of negotiations beginning in mid-2017, DT Group, LLC., along with CB Aviation, proposed a new Master Lease for Units 1 and 3 that includes a self-service fueling island, lower fuel prices, fuel call out services, upgrades to the fuel facility to meet regulatory requirements, and upgrades to the office building to attract new business, including charter services. Under the proposed Master Lease, CB Aviation will become the lessee for the modified Units 1 and 3 premises. A map of the new premises is attached to the lease as Exhibit A. The attached lease includes a five-year term with an option to renew for another five years. The lease has been negotiated by the Real Estate

Real Estate

Reprographic Services

Road Maintenance

Stormwater Program

Transportation & Traffic Operations

Waste Management

Revised 04-99

Division in concert with the Airport Manager and DPW executive staff. County Counsel has reviewed and approved the lease as to form.

DISCUSSION: CB Aviation is a Utah corporation with its main base of operations at Ogden-Hinckley Airport, where it operates CB Jet Center. The CB Jet Center is a full service, Fixed Base Operator, offering CB Skyshare a fractional ownership charter jet service, worldwide aircraft sales and acquisition service, aircraft maintenance and inspection service, aircraft delivery service, and concierge services. Additional charter service relationships include Wheels Up, Surf Air, Jet-Suite, Executive Air Share, and Boutique Air.

As part of the Unit 3 fuel facility upgrades, CB has committed to design and build a self-service island and related fuel supply infrastructure to be one of the first facilities in future operations to offer unleaded aviation fuel. Partnering with Shell Aviation (the current fuel supplier for the Airport) and considering the changing aircraft fleet mix over time will allow Gness Field to become one of the first ten airports that Shell Aviation supplies with lead free aviation fuel. Additional plans include implementing turbine aircraft maintenance services, fuel contract cards, remodeling of the office building to include concierge services (such as red carpet welcome facilities, car rentals, hotel arrangements, and ground transportation), and other services to travelers and pilots as needed. Other planned enhancements include electric car charging stations, bicycle racks and garages, clean water bottle stations, waterless bathroom fixtures, renewable energy improvements, and green building improvements.

The proposed lease would provide for a smooth tenant transition and will ensure continued occupancy for two non-partnered, existing tenants until July 31, 2018. Both tenants (Skydive Golden Gate and Spirit of Saint Louis II) have expressed a desire to continue operating out of the Unit 1 hangar and building; CB is already in communication with those tenants for a smooth transition as the new landlord and master lessee. Entering into this lease with CB will provide the Airport with a continuous fuel supply, bring new business, services and revenues to the Airport, and help fulfill the County's goal to operate the Airport as a self-sustaining entity.

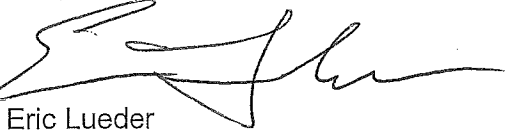
The lease also provides for a six cent per gallon aviation gasoline and turbine fuel flowage fee, as well as one percent of gross receipts (excluding aircraft sales, fuel sales, and sales tax), all payable to the County. In addition, at the regular meeting of the Aviation Commission held on April 5, 2018, a motion passed unanimously recommending that all new businesses on Gness Field undergo an audit or review of the fuel flowage fee or one percent of gross receipts, as applicable, to be conducted after the second installment payment, which is already provided for under the Marin County Code, Chapter 12.04, Aircraft and Airports.

FISCAL IMPACT: The revenue from this lease, including base rent at \$4,994.00 per month, fuel flow fees at \$0.06 per gallon, and 1% of gross receipts (excepting aircraft sales, fuel sales, and sales tax) will be deposited in the Gross Field Enterprise Fund 6720, Org 67215561, Object 441215. The base rent is consistent with an appraisal of hangars and ground leases by Smith and Associates, real estate appraisers, dated September 27, 2017, which includes Unit 1. The historic, now-expired, lease with BEMAC was \$628 per month. The fuel flow fees and percentage of gross receipts are consistent with Marin County Code Title 12 relating to the Airport. Fuel flow fees historically are about \$10,000 per year. There is no net impact to the General Fund by this action.

REVIEWED BY:

<input type="checkbox"/>	County Administrator	<input checked="" type="checkbox"/>	N/A
<input type="checkbox"/>	Department of Finance	<input checked="" type="checkbox"/>	N/A
<input checked="" type="checkbox"/>	County Counsel	<input type="checkbox"/>	N/A
<input type="checkbox"/>	Human Resources	<input checked="" type="checkbox"/>	N/A

Respectfully submitted,



Eric Lueder
Chief Real Property Agent
Real Estate Division

C: Roy Given, Director of Finance
Dan Jensen, Airport Manager
Humphrey Ogg, Aviation Commission Chair

