



DEPARTMENT OF PUBLIC WORKS

Quality, Excellence, Innovation

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DIRECTOR

February 13, 2018

Marin County Board of Supervisors
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SUBJECT: Additional One-Month Rent Relief for All Airport Tenants
Gross Field Airport

Dear Board Members:

- Accounting
- Airport
- Building Maintenance
- Capital Projects
- Certified Unified Program Agency (CUPA)
- Communications Maintenance
- County Garage
- Disability Access
- Engineering & Survey
- Flood Control & Water Resources
- Land Development
- Purchasing
- Real Estate
- Reprographic Services
- Road Maintenance
- Stormwater Program
- Transportation & Traffic Operations
- Waste Management

RECOMENDATION: Approve an additional one-month rent relief for all County aviation business leases, ground leases, and County hangar leases at the Marin County Airport, Gross Field (Airport), as detailed in this staff report to compensate for potential loss in business and inability to use the runway due to the extended runway closure associated with the runway reconstruction project.

SUMMARY: On September 12, 2017, your Board approved a one-month rent relief for aviation businesses at the Airport due to the closure of the runway during its reconstruction. The runway was originally scheduled to be closed for 32 days, about the month of October. After the runway reconstruction work began, the contractor discovered that the base rock under the asphalt runway contained naturally-occurring asbestos above regulatory action levels and this changed the project scope of work, delaying the reopening of the runway until December 29, 2017. On December 5, 2017, your Board also took action to provide rent relief for all County Airport tenants, effectively for the November runway closure, applied to the January rent.

The runway closure has a direct impact to businesses providing aviation services at the Airport. In addition, because of the additional unexpected runway closure delay, there have been numerous requests from private hangar tenants to also receive rent relief. Staff is recommending that one-month rent relief be provided for all County leases and applied only for the March 2018 rent. This would effectively provide rent relief for the month of December 2017, when the runway was closed. This action would result in approximately an additional \$57,000 in lost Airport revenue.

Note that because the Unit 1 lease with Bemac Properties will revert back to the County on February 25, 2018, the existing Unit 1 subleases will also be eligible for one month only in rent relief for the month of March. This rent relief would not be retroactive for these subtenants. In addition, the County's tenant, Scanlon Aviation, is not in good standing for rent payments because they stopped rent payments when the runway was closed; but we recommend that the business be provided rent relief (as well as a couple other tenants who missed November's rent payment) for both today's action, as well as your Board's action on December 5, 2017. All other lease obligations are unchanged.

FISCAL IMPACT: The Airport maintenance, operations, and capital expenditures are budgeted at the County through a special Enterprise Fund, which is funded by Airport revenues through leases, rentals, fuel flow fees, and sales concessionaire fees. No County General Funds are used at the Airport. The proposed rent relief would result in an estimated one-time revenue reduction of \$57,000 for the Gross Field Airport Enterprise Fund. Combining this proposed action with the other two rent relief actions would result in approximately \$121,000 in lost revenue for the Airport Enterprise Fund in FY 2017-18. The loss in revenue would be recovered from future Airport lease revenues and possibly incorporated in a future long term loan for the runway rehabilitation cost overrun.

REVIEWED BY:	<input checked="" type="checkbox"/>	County Administrator	<input 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 Steger
Assistant Director

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