

DEPARTMENT OF PUBLIC WORKS

Quality, Excellence, Innovation

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DIRECTOR

December 5, 2017

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:

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 completion of the runway project into the beginning of December.

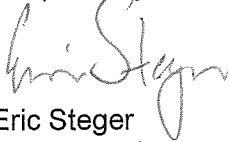
The runway closure has a direct impact to businesses providing aviation services at the Airport. In addition, because of the additional unexpected runway closure delay, there have been numerous requests from private hangar tenants to also receive rent relief. Staff is recommending that one-month rent relief be provided for all County leases. Note that BEMAC Properties subleases do not have a lease relationship with the County and therefore would not be subject to the recommended action. This action would result in approximately an additional \$57,000 in lost Airport revenue. The rent relief would be applied to the January rents for all tenants in good standing (not behind or in default).

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 in FY 2017-18. The one-time loss in revenue would be recovered from future Airport lease revenues.

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REVIEWED BY:	<input checked="" type="checkbox"/>	County Administrator	<input type="checkbox"/>	N/A
	<input checked="" type="checkbox"/>	Department of Finance	<input 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

