



Contra
Costa
County

To: Board of Supervisors
From: Keith Freitas, Airports Director
Date: February 9, 2016

Subject: Consumer Price Index Rent Adjustment Waiver for the Buchanan Field and Byron Airports

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Director of Airports, or designee, to waive the Consumer Price Index rent adjustment for airport aviation tenants for a three-year period, starting April 1, 2016, and ending March 31, 2019. Concord and Byron Areas (District III and District IV).

FISCAL IMPACT:

This action has no direct financial impact on the County General Fund. The Airport Enterprise Fund will not recognize additional revenue estimated at \$52,788 annually, based on a 2.6% Consumer Price Index factor.

BACKGROUND:

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **02/09/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: Candace Andersen, District II
Supervisor
Mary N. Piepho, District III
Supervisor
Karen Mitchoff, District IV
Supervisor
Federal D. Glover, District V
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: February 9, 2016

David Twa, County Administrator and Clerk of the Board of Supervisors

ABSENT: John Gioia, District I
Supervisor

By: Stacey M. Boyd, Deputy

Contact: Beth Lee (925) 681-4200

cc:

BACKGROUND: (CONT'D)

In 2013, the Airports Division created and began a business retention and attraction program to strengthen and grow the Buchanan Field and Byron Airports. Airports staff convened an Economic Development Incentive Program (EDIP) process, which included a diverse working group representing leasehold tenants, businesses, flight clubs, County hangar and tie-down tenants, and the Aviation Advisory Committee, to help staff develop a program that would best help us to retain and attract new aviation tenants. EDIP participants identified 48 total desired projects and programs to meet the attraction and retention goals. The EDIP process was completed in late 2015 and included a top 3 projects/programs prioritization list for both airports, Buchanan Field and Byron Airport.

One of the top priority items identified was to examine, and if deemed necessary adjust, the aviation use rents to make the airports more financially competitive. Airports staff conducted a market rate rent comparison and found that, in general, aviation rents at our airports are at the high end for the regional market, which could negatively affect our ability to attract new - retain existing- tenants.

The County hangar tenants, which represent a majority of our tenancy, are scheduled to get a CPI rent increase on April 1, 2016. As such, to better attract and retain aviation tenants, a three-year CPI waiver is being requested starting April 1, 2016, and ending March 31, 2019, for aviation use tenants in order to make our aviation use rental rates more comparable to other regional general aviation airports.

The CPI waiver is a crucial component in the County's economic retention and development program for the airports. The Aviation Advisory Committee discussed and supported this item at its January 14, 2016 meeting.

Staff will continue to work with the EDIP stakeholders as they develop a new Rates and Charges schedule for the Buchanan Field and Byron Airports. The Rates and Charges schedule will be vetted through the public process in advance of scheduling this item before the full Board of Supervisors for their review and approval.

CONSEQUENCE OF NEGATIVE ACTION:

Failure to implement a three-year CPI waiver will result in many airport tenants receiving a rent increase on April 1, 2016, which will make our rates even less competitive and may prompt a loss of aviation tenants, businesses and associated revenue.