



Contra
Costa
County

To: Board of Supervisors
From: Keith Freitas, Airports Director
Date: October 24, 2017

Subject: Contra Costa Airports Authorization to Negotiate Long-Term Lease for Property Located at 101 John Glenn Drive at Buchanan Field Airport, Pacheco Area

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Director of Airports, or designee, to negotiate a long-term lease between the County, as Landlord, and one of two parties, in priority ranking order, that have submitted a final property use proposal for the approximately 3.5 acres located at 101 John Glenn Drive, at the Buchanan Field Airport.

FISCAL IMPACT:

There is no negative impact on the General Fund. The Airport Enterprise Fund could realize lease and other revenue. The County General Fund could realize property, sales and possessory interest tax revenues if a lease is successfully negotiated.

BACKGROUND:

The over 50-year old hangar became the property of the County in October 2014, when the term of the former tenant's ground lease ended. Since that time, the County has managed and leased the facility. The facility is comprised of three hangar bays and office space. Two of the three hangar bays are currently vacant. The third is currently rented to different

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **10/24/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, 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: October 24, 2017

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

By: Stacey M. Boyd, Deputy

Contact: Beth Lee, (925)
681-4200

cc:

tenants. A majority of the office space in the third hangar is currently rented to Pacific States Aviation for its flight school.

For projects with a competitive interest, the selection process approved by the Board of Supervisors on May 23, 2006, includes: (1) requesting project information and a development/lease deposit; (2) convening a selection committee; (3) reviewing, interviewing, if deemed necessary, and ranking the proposals; (4) seeking Board approval of ranking order and authorization to negotiate lease terms; (5) facilitating meetings between the project developer/sponsor and stakeholders; and (6) seeking Board approval of the final lease.

On June 21, 2017, Airports staff initiated the selection process by sending notices for competitive interest to lease the facility to businesses at both County airports and to our interested party list. The solicitation provided a response deadline of 5:00 p.m. on Wednesday, July 12, 2017. At the close of the solicitation period, the County had received three letters of interest. The responses, each of which expressed an interest in a long-term lease of the property, came from Pacific States Aviation, PG&E, and an unidentified party, represented by the law firm of Bryant, Lovlien & Jarvis.

On July 18, 2017, the County sent the three interested parties a letter requesting that specified detailed information be provided by 5:00 p.m. on Wednesday, August 23, 2017. The additional detail requested related to the proposed use of the Premises, the proposed business use or other business activities, the desired terms of the lease and the proposed building improvements. The letter also requested a cashier's check in the amount of \$10,000 as a performance guarantee. The performance guarantee would be returned to unsuccessful party(ies) at the completion of the selection process. For the successful candidate, the guarantee would be applied to cover the cost of the project's lease development process. Any remaining funds could be applied to the ground rent or refunded. The letter also advised recipients that the County may elect to negotiate with another candidate, in priority ranked order, if we are unable to consummate a lease with the top ranked candidate.

The County received two (2) complete proposals by the deadline. One proposal was from Pacific States Aviation and the other from Sterling Aviation (which was previously represented by Bryant, Lovlien & Jarvis). A selection committee, comprised of County staff and two Aviation Advisory Committee members, reviewed and ranked the proposals. Both proposals were excellent and worthy of consideration, which resulted in the selection committee interviewing both candidates. The selection committee ranked the proposals and interviews based on the following factors:

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BACKGROUND: (CONT'D)

Compatibility of proposed use(s) with governing policies

- Proposed accommodation of the existing tenants into the leasehold
- Proposed financial and lease terms Proposed enhancements to the Premises
- Track record and experience relative to proposed use of the Premises
- Proposed schedule and timing

The selection committee ranked the proposal submitted by Pacific States Aviation first and the proposal from Sterling Aviation second.

Selection of a leasehold tenant would expand economic development activity at Buchanan Field Airport and result in increased revenues to the Airport Enterprise Fund and County General Fund. To be considered, the proposed use of the property had to be consistent with the Airport Master Plan. Based on the location of the property, the use proposed under both proposals is consistent with the Buchanan Field Airport Master Plan and the Mitigated Negative Declaration that was adopted by the Board of Supervisors on October 24, 2008. Unless and until a final lease agreement is fully executed by all parties, this Board Order, any draft lease agreement, other communications or conduct of the parties shall have absolutely no legal effect, may not be used to impose any legally binding obligation on the County and may not be used as evidence of any oral or implied agreement between the parties or as evidence of the terms and conditions of any implied agreement.

CONSEQUENCE OF NEGATIVE ACTION:

Delay in approving the lease term negotiations will result in a delay of securing a long-term tenant for the property, which will negatively impact the Airport Enterprise Fund.