



Contra
Costa
County

To: Board of Supervisors
From: Keith Freitas, Airports Director
Date: January 5, 2021

Subject: Conveyance of Real Property at Byron Airport to Urban Air Mobility, LLC

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Director of Airports, or designee, to execute legal documents to convey up to 4.13 acres of unimproved property located on the west side of Osprey Court at Byron Airport to Urban Air Mobility, LLC for development for aviation purposes.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **01/05/2021** ☒ 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: January 5, 2021

Monica Nino, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Beth Lee
(925)681-4200

cc:

RECOMMENDATION(S): (CONT'D)

1. A 20-year ground lease, with two 15-year renewal options, for the lease and development of approximately 0.90 acres located on the west side of Osprey Court at Byron Airport (Parcel One).
2. An option giving Urban Air Mobility the option to lease approximately 1.29 acres adjacent to Parcel One (Parcel Two) with an option term through January 31, 2024, and a lease term coterminous with the lease of Parcel One (the Parcel Two Option).
3. A ground lease for Parcel Two if Urban Air Mobility exercises the Parcel Two Option.
4. An option agreement giving Urban Air Mobility, LLC an option to lease approximately 1.94 acres adjacent to Parcel One and Parcel Two (Parcel Three) with an option term through January 31, 2024, and a lease term coterminous with the lease of Parcel One (the Parcel Three Option).
5. A ground lease for Parcel Three if Urban Air Mobility, LLC exercises the Parcel Three Option.

FISCAL IMPACT:

There is no negative impact on the General Fund. The Airport Enterprise Fund will receive lease and other revenue and the County General Fund will receive property, sales and possessory interest tax revenues from the development of all three parcels. Each lease will have (i) construction period rent, (ii) ground rent that increases at regular intervals, and (iii) periodic rent revaluations based on market appraisals.

BACKGROUND:

The Airport Division of the Contra Costa County Public Works Department - Airports Division received a letter of interest from Mark Scott Construction, Inc., which created Urban Air Mobility, LLC for this project, to lease and develop approximately 4.13 acres of real property at Byron Airport for aviation use. In accordance with the Airport Division's standard, the Airport Division solicited for competitive interest in developing the parcel prior to making a developer selection. This solicitation of competitive interest was transmitted to the current commercial tenants of both County airports and to those persons who have asked to be included on a list of developers interested in developing land at either of the County airports. The County did not receive any other letters of interest to develop this property.

On November 5, 2019, the Board of Supervisors authorized staff to negotiate ground lease and development terms for this property. This action was consistent with the master developer selection process that was approved by the Board of Supervisors on May 23, 2006, whereby projects without a competitive interest are to proceed with the traditional environmental review and lease development process.

Development and use of this approximately 4-acre property for auxiliary aviation and aircraft storage will expand economic development activity at the Byron Airport. This general aviation focus is consistent with the policies identified within the Byron Airport Master Plan. Further, development of the property will provide lease revenue to the Airport Enterprise Fund in addition to possessory interest and, potentially, sales tax revenue to the County General Fund. The project has been determined to be in compliance with the General Plan and a Notice of Exemption was completed for the project.

Parcel One, Parcel Two and Parcel Three are all adjacent to the taxiways and runways at Byron Airport, and are designated for aviation use on the Updated Airport Layout Plan for the Byron Airport. During discussions between the County and the developer, and the developer and its project designers, it became apparent that construction of the project would be done in phases. For that reason, the project has been structured with three phases, each as described below.

Phase One – Parcel One

The first phase of the project is the construction on Parcel One of one large (5,000 to 7,500 square foot) aircraft hangar, one medium-sized (2,500 to 5,000 square foot) aircraft hangar, and parking for automobiles. The developer may also elect to construct offices, which will be attached to the hangars, and, if the design allows for taxiway clearance, a row of t-hangars or box hangars.

The lease of Parcel One has an initial term of twenty years and two fifteen-year extension options. During the construction period, rent will equal \$350 per month. Upon the completion of the construction period, ground rent will begin at \$392 per month and will increase by prescribed increments until Year 6, after which ground rent will increase annually by a CPI inflator. Every ten years, the ground rent will be revalued based on market appraisals.

Phase Two and Phase Three – Parcel Two and Parcel Three

When the developer enters into the lease for Parcel One, it will enter into an option to lease Parcel Two and a separate option to lease Parcel Three. Each option has an option price of \$100 per year. Each has an option term that begins on its effective date and ends on the earliest to occur of (i) the day the option is exercised, (ii) a default occurs under the Parcel One lease, (iii) a default occurs under the option, and (iv) January 31, 2024.

The developer may exercise either or both options at its discretion. If the developer elects to exercise one or both options, it will enter into a lease for the relevant parcel. The lease for Parcel Two and the lease for Parcel Three effectively mirrors the lease of Parcel One. The developer will have roughly two years of construction period rent, followed by ground rent that increases at the same time, and using the same method, as the ground rent increases under the Parcel One lease.

The developer intends to construct three large (5,000 to 7,500 square foot) hangars on Parcel Two and a row of small hangars on Parcel Three.

CONSEQUENCE OF NEGATIVE ACTION:

Delay in approving the project will result in a delay of developing vacant and underutilized land at Byron Airport and will negatively impact expansion of general aviation facilities, the Airport Enterprise Fund and County General Fund.

ATTACHMENTS

Urban Mobility, LLC, Lease Agmt

Urban Mobility, LLC, Parcel II

Urban Mobility, LLC, Parcel III

Urban Mobility, LLC, Exhibit D