A Tradition of Stewardship
A Commitment to Service

Agenda Date: 4/7/2020
Agenda Placement: 6C

NAPA COUNTY BOARD OF SUPERVISORS
Board Agenda Letter

TO:	Board of Supervisors
FROM:	Steven Lederer - Director of Public Works Airport
REPORT BY:	Greg Baer, Airport Manager - x4665
SUBJECT:	Amendment No. 2 to Napa County Agreement No. 3371 and Amendment No. 1 to Napa County Agreement No. 6163 with Napa Jet Center, Inc.

RECOMMENDATION

Director of Public Works requests approval of and authorization for the Chair to sign the following amendments related to lease and license space currently utilized by Lynx FBO Enterprise, LLC., at the Napa County Airport, which will also result in changes to the County's current Request for Proposals for a second Fixed Based Operator:

1. Amendment No. 2 to Napa County Agreement No. 3371 with Napa Jet Center, Inc., consenting to the relocation of Area #1 - Terminal Building Area to an alternate space; and
2. Amendment No. 1 to Napa County Agreement No. 6163 with Napa Jet Center, Inc., regarding the relocation of license space for the installation and operation of a self-serve fuel facility.

EXECUTIVE SUMMARY

On August 27, 2019, the Board directed staff to publicly release a Request for Proposals (RFP) document for a potential second Fixed Base Operator (FBO) at the Napa County Airport to operate within a proposed development envelope. Within sections 3.2.1 and 3.2.2 of the RFP, it describes the need to unencumber two areas within the proposed development envelope due to existing agreements that do not expire until at least June 2028. Within those same sections, the RFP informs potential respondents that the County will work with the existing FBO to relocate these facilities, and any updates to these areas resulting from negotiations with the existing FBO would be provided via addendum to all potential respondents.

In June of 2018, Lynx FBO Network (Lynx) began operating as the sole FBO at the Airport as a result of a stock purchase of Napa Jet Center Inc., whereby Lynx assumed all of the leases and license agreements with Napa County, including Agreement No.'s 3371 and 6163. As contemplated within the RFP, staff has engaged in good-

faith negotiations with Lynx for a potential long-term lease agreement. As a result of these early negotiations, a mutual agreement was formed where Lynx is willing to amend two agreements, consenting to relocation of two areas within the proposed development envelope, effectively creating a "clean" development envelope void of any encumbrances. These amendments are specific to releasing the leaseholds which are in the way of the coming FBO RFP, they are not a "potential long-term lease extension," for which negotiation is still on going.

Approval of the proposed amendments will allow for more certainty and orderly re-development at the Airport, and is expected to garner increased lease revenues for the County in a much shorter timeframe. Consistent with the RFP, staff is prepared to issue an addendum to all potential respondents following the approval of the amendments so that the new circumstances can be incorporated into responses within a reasonable amount of time.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Airport Enterprise Fund
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Approval of both amendments will allow for more certainty and orderly re-development at the Airport, and is expected to garner increased lease revenues for the County in a much shorter timeframe.
Is the general fund affected?	No
Future fiscal impact:	The proposed amendment to Agreement No. 6163 would require the Airport to fund the installation of the dry utilities (power and communication) from an existing power source to the relocated self-service facility. Based on estimates from the design engineer, the estimated project cost is $32,000. It is anticipated that the cost would be incurred in fiscal year 2021/22.
Consequences if not approved:	Forego increased lease revenues for the Airport in the shorter timeframe.
County Strategic Plan pillar addressed:	Livable Economy for All: Improve and maintain the existing transportation and roads system to safely accommodate all users. Effective and Open Government
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

On August 27, 2019, the Board directed staff to publicly release a Request for Proposals (RFP) document for a potential second Fixed Base Operator (FBO) at the Napa County Airport. Within sections 3.2.1 and 3.2.2 of the RFP, it describes the need to unencumber two areas within the proposed development envelope due to existing agreements that do not expire until at least June 2028. Within those same sections, the RFP informs potential respondents that the County will work with the existing FBO to relocate the facilities, and any updates to these areas resulting from negotiations with the FBO would be provided via addendum to all potential respondents.

In June of 2018, Lynx FBO Network (Lynx) took over operating the sole FBO at the Airport as a result of a stock purchase of Napa Jet Center Inc., whereby Lynx assumed all of the leases and license agreements with Napa County, including Agreement No.'s 3371 and 6163.

Specifically, Area #1 of Agreement No. 3371 represents a leased area of 1,350 square feet within the Airport terminal building that serves as the FBO's flight school premises. The proposed amendment provides for relocating the flight school operation to the 2000 Airport Road facility upon written notice from the County to Lynx. License Agreement No. 6163 is for the self-serve fuel facility, and the proposed amendment provides for a process to move the facility at a future date to a location determined by the County.

As contemplated within the RFP, staff has engaged in good-faith negotiations with Lynx for a potential long-term lease agreement. As a result of these early negotiations, a mutual agreement was formed where Lynx was willing to amend the two agreements, effectively creating a "clean" development envelope void of any encumbrances.

Approval of both amendments will allow for more certainty and orderly re-development at the Airport, and is expected to garner increased lease revenues for the County in a much shorter timeframe. Consistent with the RFP, staff is prepared to issue an addendum to all potential respondents once the amendments are approved. To that end, staff anticipates notifying all potential respondents by April 8, 2020 of this change, followed by another addendum with modified RFP documents reflecting these amendments. Staff will make updates to the RFP documents as quickly as possible, while balancing time commitments related to the COVID-19 response.

On March 17, 2020, in response to the fluid situation caused by COVID-19, staff issued an addendum extending the RFP due date from March 27, 2020 to May 8, 2020. On its own, staff would not expect approval of the proposed amendments to impact the overall schedule end date. Removal of these impediments should expedite negotiations as it simplifies the development process and eliminates the need to negotiate over the future price and terms of these specific areas. However, in light of the fluidity of the situation surrounding the COVID-19 pandemic, both from a world economic outlook, as well as from a local response perspective, staff may look to extend the RFP due date further.

Aside from the requested amendment to relocate the subject facilities, all other terms and conditions of the lease and license agreements will remain the same.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Mary Booher