



**AIRPORT COMMISSION AGENDA
REGULAR MEETING
City Council Chamber
421 Main Street
Chico, CA 95928
July 29, 2021
6:00 p.m.**

**COPIES OF THIS AGENDA
ARE AVAILABLE FOR
REVIEW IN THE:**

Airport Manager's Office
150 Airpark Blvd., Suite 110
Chico, CA 95973
(530) 896-7216

Agenda available online at:
www.ci.chico.ca.us

AIRPORT COMMISSION

Mike Antolock, Chair
Martin Nichols, Vice-Chair
BT Chapman
Linda MacMichael
Thomas Nolan-Gosling

PUBLIC PARTICIPATION:

PUBLIC PARTICIPATION: This meeting is being conducted in accordance with Executive Order N-29-20. The public may view the meeting on Comcast Channel 11.

Due to the COVID-19 pandemic, the public shall have an opportunity to address the Airport Commission by email, on any item described in the agenda before or during consideration of that item. (Government Code § 54954.3(a)). The Airport Commission is prohibited by law from considering any other business at this meeting.

Public comment will also be accepted by email with the subject line PUBLIC COMMENT ITEM _____, sent to airportpubliccomments@chicoca.gov before and during the meeting, prior to the close of public comment on an item. The public is encouraged not to send more than one email per item and not to comment on numerous items in one email.

1. **REGULAR AIRPORT COMMISSION MEETING**

1.1 **CALL TO ORDER**

1.2 **PLEDGE OF ALLEGIANCE**

1.3 **ROLL CALL**

2. **CONSENT AGENDA**

All matters listed under the Consent Agenda are to be considered routine and enacted by one motion.

2.1 **APPROVAL OF AIRPORT COMMISSION REGULAR MEETING MINUTES**

Approve minutes of the Regular Airport Commission meeting on May 11, 2021 (Attachment 1).

3. **ITEMS REMOVED FROM CONSENT AGENDA** (if any)

4. **NOTICE OF PUBLIC HEARINGS** – None

5. **CLOSED SESSION** – None

6. **REGULAR AGENDA**

6.1 **COMMISSIONER RECRUITMENT AND CHAIR/VICE CHAIR LENGTH OF TERM UPDATES** (Verbal report by Public Works Director – O&M)

6.2 **PROPOSED MILITARY INSIGNIA OPTIONS FOR SOUTH HANGAR COMPLEX OWNERS** (Attachment 2)

6.3 **CONSIDERATION OF FIRST AMENDMENTS TO LEASES OF REAL PROPERTY**

The Commission will consider three (3) requests from current Hangar Lessee's to amend their lease agreements. In accordance with AP&P 90-16, the amendment of the lease needs to be reviewed and approved by the Commission prior to execution of the Lease Amendment.

Recommendation: The Airport Manager recommends approval of the following Minute Orders to authorize the City Manager to execute the Lease Amendments for the following hangar leases:

6.3.1 **Minute Order 09-21** authorizing the City Manager to execute a First Amendment to Lease of Real Property at the Chico Municipal Airport (City of Chico/Jay Family Trust) Hangar Spaces D-1 through D-28 (Attachment 3).

6.3.2 **Minute Order 10-21** authorizing the City Manager to execute a First Amendment to Lease of Real Property at the Chico Municipal Airport (City of Chico/ChicoEco, Inc.) for 747 Fortress Street (Attachment 4).

6.3.3 **Minute Order 11-21** authorizing the City Manager to execute a First Amendment to Lease of Real Property at the Chico Municipal Airport (City of Chico/Keeney & Son Farms, Inc.) Hangar Spaces C-20 through C-23 (Attachment 5).

6.4 **CONSIDERATION OF REQUEST FOR GROUND HANGAR LEASE TRANSFER AND GROUND HANGAR LEASE AMENDMENT**

The Commission will consider a lease transfer at 1105 Fortress Street from Wayne A. Cook Revocable Trust to Enloe Medical Center. Commission will also consider terms for a lease amendment to increase the rental rate and slightly reduce the parcel size. (Attachment 6)

Recommendation: The Airport Manager requests the Commission recommend City Council approval of the following:

1. Executing a Consent to Assignment and Assumption Lease of Real Property at the Chico Municipal Airport (City of Chico/Enloe, Assignee, Lessee and Assignor/Wayne A. Cook Revocable Trust) for 1105 Fortress Street.
2. Executing the First Amendment to Lease of Real Property at the Chico Municipal Airport (City of Chico/Enloe Medical Center) for 1105 Fortress Street to increase the rental rate and slightly reduce the parcel size.

6.5 **AIR SERVICE DEVELOPMENT COMMITTEE ASSIGNMENTS**

At the June 15th, 2021 Chico City Council meeting, staff presented a short update on our air service pursuit efforts. During the update Council moved to nominate Mayor Coolidge and Councilmember Denlay to sit on the Committee. The Commission is being asked to nominate a Commissioner or two to serve on the committee and attend stakeholder meetings. (Attachment 7)

Recommendation: Public Works Director – O&M recommends the Commission nominate one or two Commissioners to represent the Airport Commission on an Air Service Development Committee and attend key stakeholder meetings.

7. **BUSINESS FROM THE FLOOR**

Members of the public may address the Commission at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Commission cannot take any action at this meeting on requests made under this section of the agenda.

8. **REPORTS AND COMMUNICATION**

The following reports and communication items are provided for the Commission's information. No action can be taken on the items unless the Commission agrees to include it on a subsequent agenda.

8.1 **AIRPORT MANAGER REPORTS**

Verbal reports from Erik Gustafson, Public Works Director – Operations & Maintenance, Tom Bahr, Airport Manager, and Rod Dinger, Airport Strategist.

8.1.1. **Tom Bahr – Airport Manager**

- Current Project Updates:
 - Taxiway A Reconstruction
 - Air Service Development
- Consent to Assignment and Assumption Lease Updates

8.1.2. **Erik Gustafson – Public Works Director – O&M**

- Temporary Resting Center Update
- Cohasset Road Widening Project
- Fiber Connectivity to Airport
- Firefighter Effort

8.1.3. **Rod Dinger, Airport Strategist**

- Air Service Development and Airline Industry Update

8.2 **AIRPORT COMMISSIONER REPORTS**

Commissioners will report on airport related items that have been addressed by their assigned committee, commission or association since the last Airport Commission meeting (if any).

- A. Finance Committee – Chapman
- B. Internal Affairs Committee – Nolan-Gosling
- C. Butte County Airport Land Use Commission (ALUC) – Tom Bahr
- D. JetChico – MacMichael, Nichols

9. **ADJOURNMENT**

Adjourn to a Regular Airport Commission meeting on October 26, 2021 at 6:00 p.m. in the City Council Chambers located at 421 Main Street, Chico, CA.



Please contact the Airport Manager's Office at (530) 896-7216 if you require an agenda in an alternative format or if you need to request a disability-related modification or accommodation to participate in a meeting. This request should be received at least three working days prior to the meeting to accommodate your request.

POSTED: 7/23/2021



ATTACHMENT 1



**AIRPORT COMMISSION MINUTES
REGULAR MEETING
City Council Chamber
421 Main Street
Chico, CA 95928
May 11, 2021
10:30 a.m.**

**COPIES OF THE MINUTES
ARE AVAILABLE FOR
REVIEW IN THE:**

Airport Manager's Office
150 Airpark Blvd., Suite 110
Chico, CA 95973
(530) 896-7216

Available online at:
www.ci.chico.ca.us

AIRPORT COMMISSION

Mike Antolock, Chair
Martin Nichols, Vice-Chair
BT Chapman
Linda MacMichael
Thomas Nolan-Gosling

1. **REGULAR AIRPORT COMMISSION MEETING**

1.1 **CALL TO ORDER**

Called to order by Chair Antolock at 10:30 a.m.

1.2 **PLEDGE OF ALLEGIANCE**

1.3 **ROLL CALL**

Present: Antolock, Nichols, Chapman, MacMichael, Nolan-Gosling
Absent: None

2. **CONSENT AGENDA**

All matters listed under the Consent Agenda are to be considered routine and enacted by one motion.

2.1 **APPROVAL OF AIRPORT COMMISSION REGULAR MEETING MINUTES**

Approve minutes of the Regular Airport Commission meeting on January 26, 2021 (Attachment 1).

2.2 **APPROVAL OF AIRPORT COMMISSION SPECIAL MEETING MINUTES**

Approve minutes of the Special Airport Commission meeting on March 30, 2021 (Attachment 2).

Public Comments: None

A motion was made by Vice Chair Nichols to approve both items under the Consent Agenda. Motion seconded by Commissioner MacMichaels.

Motion carried as follows:

AYES: Antolock, Nichols, Champan, MacMichael, Nolan-Gosling

NOES: None

Motion passed 5-0.

3. **ITEMS REMOVED FROM CONSENT AGENDA** - None

4. **NOTICE OF PUBLIC HEARINGS** – None

5. **CLOSED SESSION** – Please see Agenda Item #9 below

6. **REGULAR AGENDA**

6.1 **NEW AIRPORT MANAGER INTRODUCTION** (Verbal)

Commissioner Nolan-Gosling requested that Airport Manager Bahr send an email to all Commissioners listing the items he is currently working on.

6.2 **COMMISSIONER RECRUITMENT UPDATE** (Verbal report by Public Works Director – O&M)

A new Chair and Vice Chair were not selected at the January 26 meeting due to the low applicant pool. Therefore, a new Chair and Vice Chair still need to be selected along with fulfillment of the two (2) vacant Commissioner positions.

The Commission had questions about the length of term once the new Chair and Vice Chair are appointed. Public Works Director Gustafson will follow up with the Clerk's office.

Public Works Director Gustafson advised the Commission that City Council is requesting a cost estimate of Staff resources devoted to the Airport Commission.

6.3 **CONSIDERATION OF REQUEST FOR HANGAR LEASE ASSIGNMENT AND ASSUMPTION**

The Commission considered three (3) requests from current Hangar Lessee's to sell their leased hangar space to another individual. In accordance with AP&P 90-16, the assignment of the lease needs to be reviewed and approved by the Commission prior to execution of the Lease Agreement.

Recommendation: The Airport Manager recommends approval of the following Minute Orders to authorize the City Manager to execute the Consent to Assignment and Assumption Agreements for the following hangar leases:

6.3.1 **Minute Order 06-21** authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/Dan Dawson, Assignee, Lessee and Assignor/Lance Petrack-Zunich) Hangar Space No. B-15 (Attachment 3).

6.3.2 **Minute Order 07-21** authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico

Municipal Airport (City of Chico/Scott Steele, Assignee, and Assignor/Norm Nielsen, Chico Electric) Hangar Space No. A-1 (Attachment 4).

- 6.3.3 **Minute Order 08-21** authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/Martin Ringvold and Erica Wright, Assignees, and Assignor/Piper Family Trust) Hangar Space A-9 (Attachment 5).

Public Comments: None

Note: The Minute Order approval dates were revised to reflect May 11, 2021, as the April 27, 2021 meeting was cancelled. No other changes were made to the Minute Orders.

A motion was made by Vice Chair Nichols for these three (3) Consent to Assignment and Assumption Agreements to be approved and executed. Motion seconded by Commissioner MacMichael.

Motion carried as follows:

AYES: Antolock, Nichols, Champan, MacMichael, Nolan-Gosling

NOES: None

Motion passed 5-0.

6.4 **CONSIDERATION OF LEASE ASSIGNMENTS APPROVAL CHANGE**

The Commission discussed delegating authority to approve portable hangar leases at the Airport Manager level and update the Commission on the approvals at the next meeting. (Attachment 6)

Action: The Public Works Director O&M and Airport Manager recommended the Commission delegate authority to City Staff to approve portable hangar leases.

Commissioner Chapman requested that Staff update the Commission at each meeting on all leases that were approved and denied by the Airport Manager since the last meeting. This update will be provided under the Airport Commissioner Reports section of each meeting agenda.

Commissioner Nolan-Gosling requested that the term “non-permanent” hangars be used instead of “portable” hangars.

Staff explained that the delegation of authority is only granting the Airport Manager authority to approve the lease without obtaining prior approval from the Commission. The Lease Agreement will still be reviewed and approved by the City Attorney, Administrative Services Director, and City Manager. The signatory blocks of the Lease Agreement will not change.

If the Commission approves this delegation of authority, AP&P 90-16 must be amended and approved by City Council.

Public Comments: None

A motion was made by Vice Chair Nichols to postpone the delegation of authority decision to the July meeting. Motion seconded by Chair Antolock.

Motion carried as follows:

AYES: Antolock, Nichols

NOES: Champan, MacMichael, Nolan-Gosling

Motion did not pass 2-3.

A new motion was made by Vice Chair Nichols to delegate authority to the Airport Manager to approve non-permanent hangar leases.

Motion carried as follows:

AYES: Nichols, Champan, MacMichael, Nolan-Gosling

NOES: Antolock

Motion passed 4-1.

7. **BUSINESS FROM THE FLOOR**

Members of the public may address the Commission at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Commission cannot take any action at this meeting on requests made under this section of the agenda.

Public Comments: None

8. **REPORTS AND COMMUNICATION**

The following reports and communication items were provided for the Commission's information. No action can be taken on the items unless the Commission agrees to include it on a subsequent agenda.

8.1 **AIRPORT MANAGER REORTS**

Verbal reports from Erik Gustafson, Public Works Director – Operations & Maintenance, Tom Bahr, Airport Manager, and Rod Dinger, Airport Strategist.

A. Unhoused Effort Update

Staff advised that current litigation issues are being handled by the City Attorney's office and the City is still looking at open-space and building options for the unhoused population. Staff will keep the Commission updated on the status as things progress.

Vice Chair Nichols had questions as to when the FAA would get involved if an unhoued shelter was opened at the Airport.

Commissioner Nolan-Gosling commented that the City Council should be apprised of how an unhoued shelter would affect the Airport.

B. Airport Manager Transition to Tom Bahr

Staff advised that Taxiway A reconstruction started May 3, with 75 working days allotted for completion. The Runway reconstruction is earmarked for 2022.

Commission inquired about a public announcement of Tom's hire.

8.2 **AIRPORT COMMISSIONER REPORTS**

Commissioners reported on Airport related items that have been addressed by their assigned committee, commission or association since the last Airport Commission meeting (if any).

A. Finance Committee – Chapman

B. Internal Affairs Committee – Nolan-Gosling

C. Butte County Airport Land Use Commission (ALUC) Alternate – Antolock

Airport Manager Bahr will take over the ALUC position.

D. JetChico – MacMichael, Nichols

9. **CLOSED SESSION**

Commission recessed to Closed Session in Conference Room 2 at 12:10 p.m.

9.1 **LEASE REASSIGNMENT UPDATE – 1105 FORTRESS ST, CHICO CA**

Commission returned from Closed Session at 12:28 p.m.

10. **ADJOURNMENT**

The meeting adjourned at 12:31 p.m. to the next regular Airport Commission meeting on July 27, 2021 at 6:00 p.m. in the City Council Chamber located at 421 Main Street, Chico, CA.

Date Approved: July 29, 2021



June 16, 2021

Mr. Tom Bahr, Airport Manager
and Chico Airport Commission
Chico Municipal Airport
P.O. Box 3420
Chico, CA 95927

Dear Mr. Bahr and Honorable Airport Commissioners:

The south hangar complex at KCIC features several rows of hangars with very little distinguishing characteristics. Some view this as a good thing, but I would like to present an idea for consideration to provide visual interest and character to a relatively uninteresting and "soulless" building complex.

I would propose that hangar owners be allowed to honor past and present military aviation squadrons, in any of the branches of the United States military, with a squadron patch or medallion. This patch or medallion would need to be documented as "official", and would be a standard size (3' X 3') and would be centered on the hangar door a prescribed distance from the ground. This conceptual insignia signage would be a professional decal, and mounted to an aluminum sheet backing. The details of this could be specified so that a professional and appropriate quality would be maintained. The Airport Manager and Airport Commission would have final approval over every proposed design.

I bring this up because I would like to honor my father-in-law, John Papadakis, who recently passed away at the age of 98. John flew airplanes out of the Chico Municipal Airport for many years, and retired from flying at the age of 94. He served in the Navy during WWII as a pilot on aircraft carriers in the Pacific Island Campaign, and his carrier, the Bismarck Sea, was sunk during the battle for Iwo Jima. The Bismarck Sea's squadron was known as the "Busy Bee's," and their insignia is attached to this letter.

Honoring our military, and remembering history, are two ideals that were passed on to me both by my father, and father-in-law. I appreciate you considering this unusual request, and feel that it may actually improve and provide interest to the south hangar complex.

Respectfully submitted,



Norm Rosene
Hangars A-6 and A-14



ATTACHMENT 3

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 09-21

SUBJECT: FIRST AMENDMENT TO LEASE OF REAL PROPERTY (CITY OF CHICO/JAY FAMILY TRUST) HANGAR SPACES D-1 THROUGH D-28.

EXPLANATION PROVIDED BY: Airport Manager

Initials (*TB*)

1. The ground lease with Jay Family Trust is for 30,980 square feet where they built 28 t-hangars (D-1 through D-28) that are rented out to a variety of aircraft owners. The lease has an initial term of 15 years that expires on July 9, 2022. The lease contains one 15-year option to extend, and the Lessee has exercised that option. They have requested a second 15-year option be added whereby providing a total of 45 years for the ground lease.
2. There were originally two leases with Dan Jay; one for hangar spaces D-7 through D-21, dated February 13, 2006, and a second one for hangar spaces D-1 through D-7 and D-23 through D-28, dated December 4, 2007. The lease was subsequently combined on January 5, 2012, and concurrently assigned from Dan Jay to Jay Family Trust.
3. The initial term was for fifteen years with a Lessee’s option to extend for another fifteen years bringing the total term for thirty years expiring on July 9, 2037. With approval of the First Amendment, the length of term will be increased by fifteen years with a new expiration date of July 9, 2052.
4. Attached is the First Amendment to the Jay Family Trust Ground Lease.

RECOMMENDATION: Airport Manager

Initials (*TB*)

It is recommended by the Airport Manager that the Airport Commission approve this Minute Order authorizing the First Amendment to the Jay Family Trust Ground Lease whereby adding an additional fifteen years to the lease. The new expiration date would then be July 9, 2052. Approving this request would allow staff to forward this item to a future Chico City Council meeting for their consideration.

AIRPORT MANAGER:

Initials (*TB*)

AIRPORT COMMISSION (MEETING OF 7/29/2021)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Tom Bahr, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Tom Bahr, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CHICO MUNICIPAL AIRPORT
GENERAL AVIATION HANGAR ROWS



CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 10-21

SUBJECT: FIRST AMENDMENT TO LEASE OF REAL PROPERTY (CITY OF CHICO/CHICOECO, INC.) FOR 747 FORTRESS STREET.

EXPLANATION PROVIDED BY: Airport Manager

Initials (*TB*)

1. The current lease with ChicoEco, Inc., doing business as Chico Bag, is made up of two parcels. Parcel one contains a building (747 Fortress Street) with a total area of 33,300 square feet of commercial manufacturing and office space and is located on 1.3290 acres. Parcel two contains the vehicle parking area adjacent to the leased property which contains .704 acres. The vehicle parking area is shared with the tenant of the adjacent property located at 108 Boeing Avenue.
2. ChicoEco, Inc., recently executed their first option to extend their facility and ground lease for an additional two and one-half years pursuant to the existing lease provisions. Their new expiration date is November 30, 2023, and they have one additional two and one-half years option remaining.
3. During the discussions for lease extension, ChicoEco, Inc. CEO and Founder, Andy Keller requested City consideration in reducing the percentage of rent the City would receive if they sub-let space within the existing facility. City staff is supportive of his request to reduce the percentage from 45% to 15%.
4. Attached is the First Amendment to the ChicoEco, Inc. Facility and Ground Lease.

RECOMMENDATION: Airport Manager

Initials (*TB*)

It is recommended by the Airport Manager that the Airport Commission approve this Minute Order authorizing the First Amendment to the ChicoEco, Inc. Facility and Ground Lease whereby reducing the percentage paid to City for subletting space from 45% to 15%. Approving this request would allow staff to forward this item to a future Chico City Council meeting for their consideration.

AIRPORT MANAGER:

Initials (*TB*)

AIRPORT COMMISSION (MEETING OF 7/29/2021)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Tom Bahr, Airport Manager

CERTIFICATION

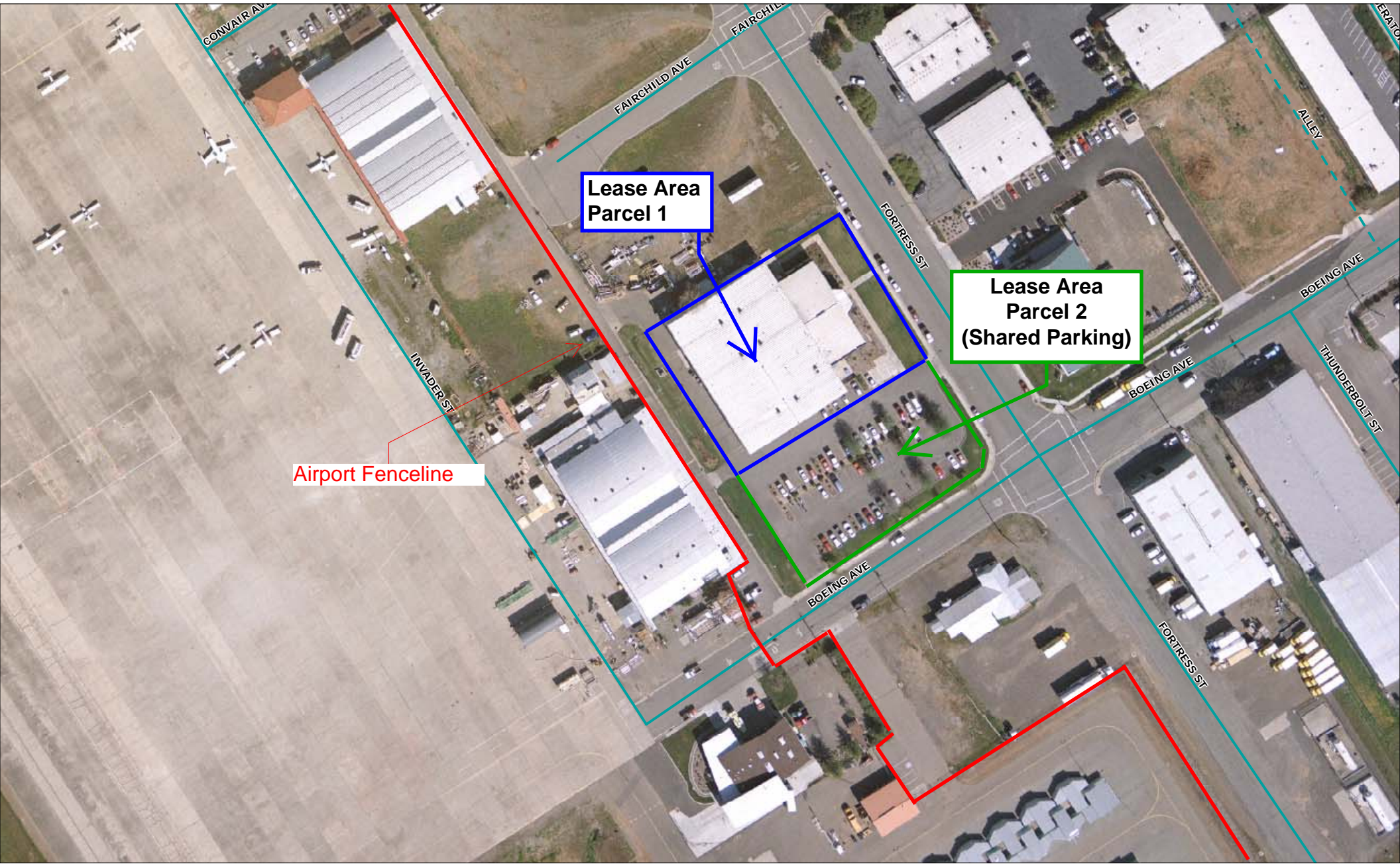
I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Tom Bahr, Airport Manager

DISTRIBUTION

Preliminary:

Final:



Lease Area
Parcel 1

Lease Area
Parcel 2
(Shared Parking)

Airport Fenceline

ATTACHMENT 5

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 11-21

SUBJECT: FIRST AMENDMENT TO LEASE OF REAL PROPERTY (CITY OF CHICO/KEENEY & SON FARMS, INC.) HANGAR SPACES C-20 THROUGH C-23.

EXPLANATION PROVIDED BY: Airport Manager

Initials (TB)

1. The ground lease with Keeney & Son Farms is for 4 hangar spaces (C20-23) at the Chico Airport. The Keeney family has decided to sell their 4 hangars to four different individuals. During these discussions, the new future hangar owners have requested an additional 5 years be added to the master ground lease term.
2. The original ground lease for hangar spaces C20-23, was executed with North State Apple Growers, Inc., on October 16, 2001. The lease was assumed by Keeney & Son Farms, Inc., on January 22, 2008.
3. The initial term was for twenty-five years and is set to expire on October 31, 2026. With approval of the First Amendment, the length of term will be increased by five years with a new expiration date of October 31, 2031.
4. Attached is the First Amendment to the Keeney & Son Farms Ground Lease. If the amendment is approved and executed by the Commission, staff will then execute individual consent to assignment documents for each of the four new hangar owners.

RECOMMENDATION: Airport Manager

Initials (TB)

It is recommended by the Airport Manager that the Airport Commission approve this Minute Order authorizing the First Amendment to the Keeney & Son Farms Ground Lease whereby adding an additional five years to the lease. The new expiration date would then be October 31, 2031. Approving this request would allow staff to forward this item to a future Chico City Council meeting for their consideration.

AIRPORT MANAGER:

Initials (TB)

AIRPORT COMMISSION (MEETING OF 7/29/2021)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Tom Bahr, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Tom Bahr, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CHICO MUNICIPAL AIRPORT
GENERAL AVIATION HANGAR ROWS





Airport Commission Agenda Report

Meeting Date: July 29, 2021

TO: Airport Commission

FROM: Tom Bahr, Airport Manager, 530-896-7216 (Staff)

RE: 1105 Fortress Street Ground Lease

REPORT IN BRIEF:

For several yeas the City and Enloe have been working on a ground lease reassignment at 1105 Fortress and revamping several key components. The original lease started in 1980, has been reassigned on several occasions, and has 30-years left on the original term. Recently, Enloe Medical Center acquired the property and performed a significant remodel to house their entire IT Department. After much negotiation, City Staff and Enloe Executives have reached an agreement to reassign the existing lease, quickly amend the lease bring the rent to fair market value, and reducing a small portion of the leasehold to accommodate fixed wing access for a neighboring leasehold.

RECOMMENDATION:

1. Recommend City Council approve a Consent to Assignment and Assumption Lease of Real Property at the Chico Municipal Airport (City of Chico/Enloe, Assignee, Lessee and Assignor/Wayne A. Cook Revocable Trust) for 1105 Fortress Street.
2. Recommend City Council execute the First Amendment to Lease of Real Property at the Chico Municipal Airport (City of Chico/Enloe Medical Center) for 1105 Fortress Street to increase the rental rate and slightly reduce the parcel size.

Approving the negotiated terms as outlined, will allow staff to finish the changes with both entities legal departments and schedule them for a future Chico City Council Meeting.

FISCAL IMPACT:

The rental rate will increase from \$0.08 to \$0.48 per square foot per year which would result in an annual ground rent of \$22,999.68. This amount would represent an increase of \$16,320.72 in annual rent revenue to Airport Fund 856. The amendment also includes a second rental rate increase to \$0.55 cents per square foot per year starting on June 1, 2024, and then annual CPI increases every five years for the remaining lease term.

BACKGROUND / DISCUSSION:

The City owns property at the Chico Municipal Airport commonly known as 1105 Fortress Street. The following is a brief timeline of applicable actions:

- June 1, 1980 - A ground lease was entered into between the City and McCain Associates. An office building was constructed on the property.

- June 1, 1987 – The lease was amended whereby reducing the leased area from 2.647 acres to 1.807 acres. The removed property was then immediately leased to Tri-Counties Bank.
- June 23, 2014 – Consent to Assignment approved allowing 1105 Fortress St LLC to assume the lease from McCain Associates.
- May 29, 2015 - Consent to Assignment approved allowing Wayne A. Cook Revocable Trust to assume the lease from 1105 Fortress St LLC.
- In 2016, Enloe Medical Center purchased the office building from Wayne A. Cook Revocable Trust. No consent to assignment was executed.

The original ground lease has a 71-year term with 30-years left (set to expire May 31, 2051). Since a consent to assignment agreement was not presented or ever approved by the Commission or City Council, the legal Lessee for the ground lease is still Wayne A. Cook Revocable Trust. Therefore, the consent to assignment needs to be processed immediately.

After multiple communications with Enloe Medical Center, we are recommending the following key deal points:

1. Enloe Medical Center, Wayne A. Cook Revocable Trust and the City of Chico execute a "Consent to Assignment" agreement. Once approved, Enloe Medical Center will replace Wayne A. Cook Revocable Trust as the Lessee and take on the same terms and conditions of the existing ground lease.
2. The City of Chico will immediately execute an amendment to the existing agreement whereby adjusting the ground rental rate to the appraised rate making it effective on September 1, 2021. The lease amendment will rework the rental rate schedule and eliminate the June 2022 FMV review. Instead, we will use the appraised rate of \$0.48 per sq ft per year for the next three years. Years 4 and 5 will be increased to \$0.55 per sq ft per year. After the first five years, the rental rate will be determined by CPI.
3. The lease amendment will also concurrently reduce the Enloe Medical Center leasehold from the existing 1.807 acres to the 1.10 acres as depicted in the attachments. The slight reduction is recommended by City staff to accommodate needed fixed wing easement or access from a neighboring leasehold. City staff will engage the neighboring leasehold to amend their lease to accommodate the added square footage.

ENVIRONMENTAL REVIEW:

Not applicable.

Reviewed by:


Tom Bahr, Airport Manager

Approved and Recommended by:


Erik Gustafson, Director, Public Woks – O&M

DISTRIBUTION:

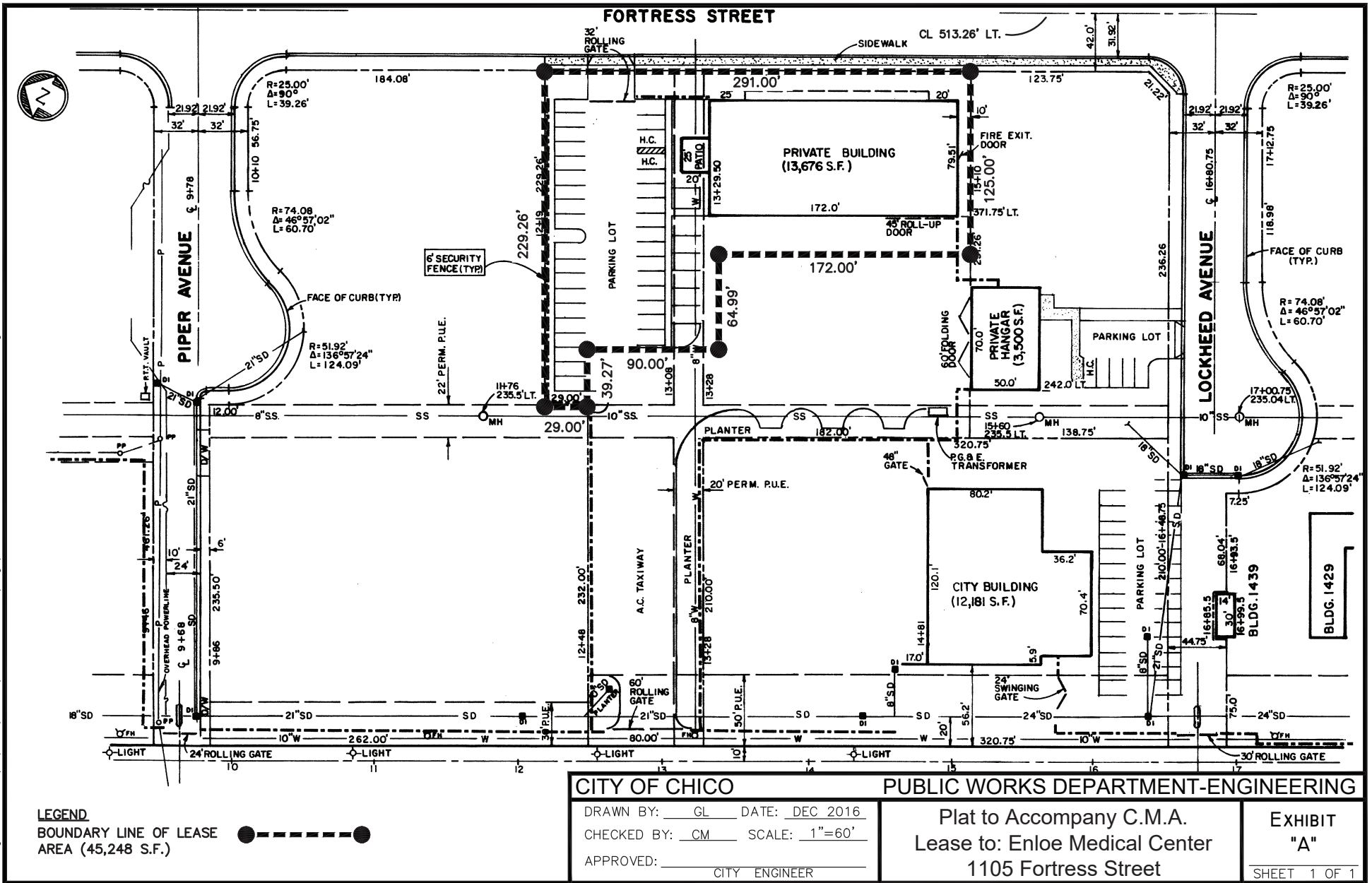
Airport Commission
Airport Commission Agenda Distribution List
Airport Website Posting

ATTACHMENTS:

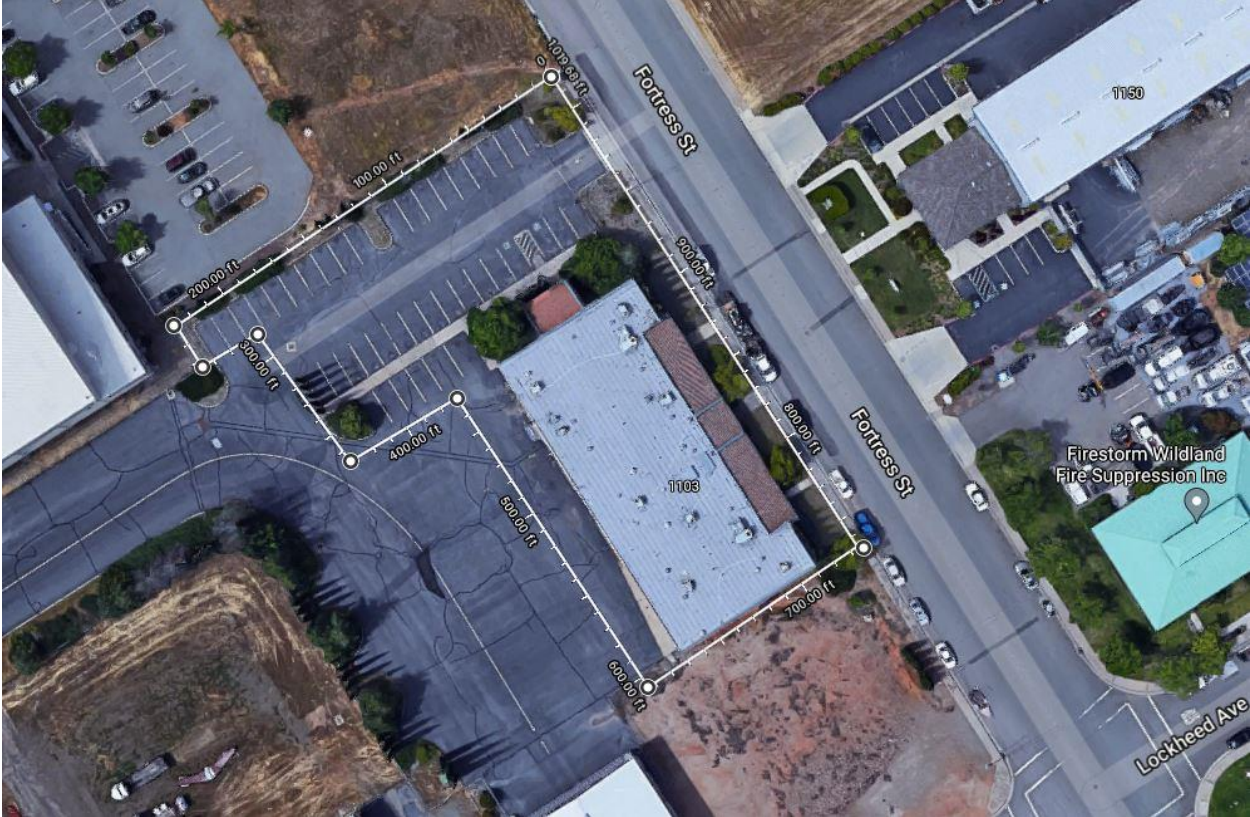
Plat
Aerial Map

ATTACHMENT 6

Drawing Path: S:\Airport\Lease\Fortress_1103.dwg\1103_Fortress Plat - CM Mod R1.dwg



ATTACHMENT 6




Airport Commission Agenda Report
Meeting Date: July 29, 2021

TO: Airport Commission

FROM: Erik Gustafson, Public Works Director O&M, 530-894-4202

RE: Air Service Development Committee Assignments

REPORT IN BRIEF:

At the June 15th, 2021 Chico City Council meeting, staff presented a short update on our air service pursuit efforts. Staff advised Council one of the next components is to form an Air Service Development Committee and schedule key stakeholder meetings within the Community. During the update Council moved to nominate Mayor Coolidge and Councilmember Denlay to sit on the Committee. Due to Councilmember Denlay's resignation, an additional member may be appointed by Mayor Coolidge at a later date. The Commission is being asked to nominate a Commissioner or two to serve on the committee and attend stakeholder meetings.

RECOMMENDATION:

Public Works Director – O&M recommends the Commission nominate one or two Commissioners to represent the Airport Commission on an Air Service Development Committee and attend key stakeholder meetings.

FISCAL IMPACT:

None

BACKGROUND:

Up until 2014, the Chico Municipal Airport (CIC) enjoyed commercial air service to San Francisco (SFO) for several decades. In 2014, United decided to pull out of the Chico Airport market due to a number of reasons. Service to SFO was unreliable at times due to weather and congestion constraints at SFO terminals. The Nation was reeling from the 2008 global economic crisis and Northern California seemed to experience a delayed recovery. A national pilot shortage also affected the airline industry causing smaller regional flights to be consolidated and priority given to larger more profitable hubs.

Since losing commercial air service City staff have worked tirelessly to return commercial flights to CIC and understand the economic benefit to having commercial service in our region. Communities without commercial air service experience diminished connectivity, which weakens their link to the National and Global economy. Therefore, the City of Chico and regional partners continue to take measure to return commercial air service to our Community.

DISCUSSION:

A key component in being competitive in new air service market space is to have a robust revenue

ATTACHMENT 7

guarantee program. A revenue guarantee fund is industry standard and acts as a subsidy to limit early risk involved with an airline entering a new market. Revenue guarantee funds include contributions made by the local agency and key business and Community stakeholders that will benefit from commercial air service. Typically, revenue guarantee programs are negotiated and available for two years during a new service start-up.

In FY18-19 City Council approved a capital project during the budget process to start a revenue guarantee fund. The starting balance was \$115,000 from the General Fund. In early 2020 the City of Chico was awarded a \$500,000 Small Communities Air Service Development Program (SCASDP) grant by the U.S. Department of Transportation (DOT). The grant funds can go directly towards the cash balance for a revenue guarantee fund. As part of the City's grant application, \$250,000 in terminal lease and landing fee waivers for two years were included. Therefore, the current balance of the City's revenue guarantee program equals \$865,000.

The next step is to engage the Community and key stakeholders to learn more about certain local air travel needs. Staff intends to hold stakeholder meetings over the coming months to learn more about the frequency of travel and how to shape our air service pursuit to accommodate local air travel. Staff will then encourage Community participation in the revenue guarantee fund and actively engage Community stakeholders.

At the June 15th, 2021 Chico City Council meeting, staff presented a short update on our air service pursuit efforts and advised of the next steps. Council approved of the idea to form an Air Service Development Committee and moved to nominate Mayor Coolidge and Councilmember Denlay to sit on the Committee. Due to Councilmember Denlay's resignation, Mayor Coolidge may nominate a second Councilmember to sit on the Committee. The Airport Commission is being asked to nominate one or two Commissioners to represent the Airport Commission on the Committee and attend key stakeholder meetings in the coming months.

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