

AIRPORT COUNSEL BRIEFING

From: Steven E. Tackes, Esq., Airport Counsel

To: Carson City Airport Authority members, staff

Re: June 21, 2107 CCAA MEETING

1. FOR POSSIBLE ACTION: ELECTION OF OFFICERS (CHAIRMAN, VICE CHAIRMAN AND SECRETARY/TREASURER) PER NRS 844 SECTION 6. (L. Law)

Staff Summary: The law provides that elections of officers from within the Authority can happen at any time. The terms of officers end on July 1 of odd-numbered years. Thus an election of officers is timely, even though elections were recently held. Officers may be re-elected to their position. The term of the person previously elected Vice-Chairman ends on Oct 1, 2017, thus that position should be filled with a different Authority member whose term is not about to expire.

Background. NRS 844, which created the Carson City Airport Authority, specifies that the members of the Authority shall elect a Chairman, Vice-Chairman, and a Secretary/Treasurer (this latter position can be 2 different persons but has historically been one person). The elections may occur at any time but the current terms end on July 1, 2017, thus an election is timely.

The process is for the Chair to open the matter for nominations, close the nominations and then proceed with a vote. As will all items, public comment should be made available.

Proposed Action: Invite nominations, close the nominations, take any comment (Authority and public), vote. This can be for a slate of officers, or can be done for each individual officer.

2. FOR POSSIBLE ACTION: TO APPROVE THE REQUEST BY NEVADA DEPARTMENT OF TRANSPORTATION (NDOT) TO OPERATE UNMANNED AERIAL VEHICLES (aka Unmanned Aircraft Systems, or "DRONES"; UNDER 55 LBS) WITHIN 5 MILES OF THE CARSON CITY AIRPORT IN FURTHERENCE OF NDOT BUSINESS. (L. Adams, T. Rowe)

Staff Summary: NDOT has acquired drones to be used for purposes related to their operations. NRS 493.109 prohibits operations of an unmanned aerial vehicle within 5 miles of an airport unless the operator obtains consent of the Airport Authority. NDOT has requested that consent. Consistent with other such approvals, consent should be conditioned on notice to the Airport Manager in the event that NDOT intends to operate within 1 mile of the Airport so that a NOTAM or other decision can be made as to the safety of ongoing Airport operations.

Tim's item.

Proposed Action: I move we approve the request of NDOT to operate within 5 miles of the Carson City Airport, so long as they comply fully with FAA Part 107, and that they notify the Airport Manager at least 24 hours prior to operations that are within 1 mile of the Carson City Airport.

3. FOR POSSIBLE ACTION: APPROVAL OF A PROPOSAL TO LEASE THE WEST WING OF THE TERMINAL BUILDING TO CARSON AVIATION ADVENTURES FOR ITS FLIGHT SCHOOL; AND DETERMINATION OF A MONTHLY RENTAL RATE. (B. Vowell)

Staff Summary: Carson Aviation Adventures is requesting to expand its flight school for the purpose of adding briefing rooms for the training of its students to the west side of the terminal. The Airport Authority will determine lease terms and a rental rate to be charged for the use

Brian's item (after he recuses himself and then will present it.)

Attached is the draft lease that I last sent him.

The redlines were made to conform the proposed lease to FAA and City code requirements, specifically NRS 244 which requires FBO commercial leases to be put out to bid if longer than 5 years (so reduced lease to 5 years); NRS 332 which requires public bidding if the transaction is greater than \$25,000 (the 5 year limitation eliminated the conflict); FAA Grant Assurances #22 and #23 which prohibit exclusive arrangements. We deleted those provisions but included a right of first refusal to protect the Tenant investment.

Both the redline and final version of the draft lease is attached.

My review was legal and I have no recommendation as to the rental rate. The Notice provided by the Airport Manager indicates that you will determine the lease terms and rental rate.

Proposed Action: I move we approve the lease of the west wing of the Terminal building on the terms presented.

4. FOR POSSIBLE ACTION: REGARDING THE REQUEST BY DENNIS GIANGRAECO TO LEASE PARCEL 219B OF AIRPORT LAND IN 3 PHASES FOR THE CONSTRUCTION OF HANGARS FOR AIRCRAFT STORAGE; THE LEASE OF PROPERTY WOULD BE FOR 31,500 SQ. FT. AS PHASE ONE, AND INCLUDE THE RIGHT TO LEASE AN ADJACENT SIMILAR AREA WITHIN PARCEL 219B AS PHASE TWO AND THE FINAL AREA OF PARCEL 219B AS PHASE THREE; DETERMINE PROPOSED USE, MODIFIED LEASE STAGING AND PROCEED WITH APPRAISAL; AND RECOVERY OF THE COST OF APPRAISAL. (D. Giangreco)

Staff Summary: At the May 17, 2017 Agenda, Dennis Giangreco requested a land lease of Parcel 219B in order to construct aircraft-storage-only-hangars to the east of the Heritage Hangars Condo Association. The Authority decided to proceed with an appraisal of the parcel and consider reimbursement of the cost of the appraisal on the basis that the entire parcel would be offered for lease in one transaction. Mr. Giangreco is now requesting that it be done in 3 pieces to limit the risk of the investment if the market does not support the entire Parcel 219B project. Mr. Giangreco would still advance the cost of the appraisal and would be reimbursed the cost from the successful bidder if that is someone other than Mr. Giangreco.

This is Mr. Giangreco's item. At the May meeting, the Authority approved going forward with the appraisal on the basis that the entire lease lot would be leased at one time. Mr. Giangreco has requested a phased leasing. If the Authority agrees to this approach, then the next step would be to complete the appraisal. Once the appraisal is received, then the Authority can determine the terms on which it will offer the parcel. This may also include an option fee to compensate for giving the successful bidder the right to expand into the later phases. Alternatively, the Authority could proceed just with the first phase area and repeat the process for later phases.

Proposed Action: I move we approve the request to offer Parcel 219B in phases and proceed with the appraisal upon Mr. Giangreco's advance of the cost of appraisal upon the condition that if someone else gets the lease, he will be reimbursed for the cost of the appraisal.

5. FOR POSSIBLE ACTION: DISCUSSION TO CONSIDER A HANGAR MONITORING PROGRAM TO INSURE COMPLIANCE WITH CCMC TITLE 19 AND THE FAA HANGAR USE POLICY. (T. Rowe, L. Law)

Staff Summary: The CCAA will consider a Hangar Monitoring Program that will comply with CCMC Title 19 Airport Rules and Regulations and the FAA Hangar Use Policy that becomes effective July 1, 2017.

This is listed as a Tim and Linda item.

Background. The FAA Land Use Report in December of 2016 recommended that the Airport Authority take steps to implement the new FAA Hangar Use Policy which will become effective on July 1, 2017.

At the April 2017 Authority meeting, the Authority considered a proposed Hangar Use and Monitoring proposal offered by Eric Laetsch. The Authority gave input and identified issues to be addressed. The authority then voted to direct Staff to do further work on the draft and requested that additional input be directed to the Chairman and to Legal Counsel. The Authority instructed Staff to bring it back to the Authority.

Attached is the revised version of the proposed Policy document based on that feedback and based on feedback from the FAA included in their reply to our response to the Vaccarro complaint.

Notable changes:

2G. A legitimate hangar use is for anticipated purchase. We added "within a reasonable amount of time".

2H. The FAA questioned our inclusion of "other aeronautical activities" with the comment that the FAA has requirements for what is and is not aeronautical. As a result, we have added the clause: "that do not conflict with FAA requirements."

5A. We inserted "60 days" as the time frame for provision by hangar owners of the information required from all hangars (ie. information on the aircraft stored and information on how they qualify as aeronautical use.). We also clarified that the information shall go to the Airport Manager and then to the Authority members. We enlarged the responsible party for giving the information to capture not only the occupant but also the lessee under the Airport lease and the owner of the hangar. This was done to make sure we get the required information from whomever the responsible party is.

5B. The Airport Manager "or an Authority member" can dispute a claim of aeronautical use. If disputed, the entire Authority will make the decision.

5C. We added language about getting compliance from either the Airport Manager or the Authority, and included both increases in rent and eviction as included remedies.

5D. We set the rent at \$1,000/mo per hangar for hangars that are not in compliance or regarding which the use was misrepresented to the Authority.

5E. We added this provision to have a means to eliminate repeated issues once a hangar is found to be in compliance.

We made no changes to the Comments following the proposal but then we did not include those in the final proposal either.

One area merits some discussion. One of the FAA employees was somewhat critical of the comment that some compliance would be satisfied with supporting documentation. His statement was: "One cannot gauge compliance and correct non-compliance without actually inspecting hangar facilities. This is why it is a prudent airport policy to include the City's inspection rights in lease agreements." We do in fact have those provisions in our lease agreements. However, some situations exist where a hangar inspection will reveal no useful information on compliance and documentation will provide useful information. For example, if a hangar owner lives in multiple areas, or lives in one area but has a business in another area, he or she may well have hangars in both communities. An inspection of the hangar when empty would provide no useful information, but supporting documents showing that that hangar has an aircraft that is shared between the 2 locations would be something we would need to verify compliance with the hangar policy.

You may have additional changes per your discussion at the meeting. If so, we can amend the proposal on the fly. Since this would be an amendment to Title 19, it would be good to get this finalized sooner rather than later so that we could get it into the code and begin using it for compliance determinations.

Proposed Action: I move we approve the Hangar Use Policy and direct Staff to process the changes to Title 19 with the Board of Supervisors.

6. FOR POSSIBLE ACTION: TO APPROVE ENGAGEMENT OF WILLIAM KIMMEL, MAI APPRAISER TO UPDATE THE AIRCRAFT STORAGE APPRAISAL DATED JULY 2016 PER THE REQUEST OF GEORGE BYARD FOR A LEASE EXTENSION OF AN AIRCRAFT STORAGE ONLY LEASE.(S.Tackes)

Staff Summary: George Byard has requested a lease extension using the same process and conditions as was used in January on other aircraft-storage only leases. The prior appraisal included the Byard lease parcel in its analysis. The appraisal is no longer current within 6 months. The appraiser agreed to update the appraisal and Mr. Byard will be required to advance the appraisal fee.

This is a followup item from the lease extensions approved by the Airport Authority this past December on 5 Airport leases (and approved by the Board of Supervisors on Jan 5, 2017).

NRS 496.080 permits an extension of an aircraft-storage-only hangar lease so long as the extension is based upon a current appraisal. Mr. Byard's lease was included in the prior appraisal that was performed but the appraisal is now over 6 months old. The Appraiser, William Kimmel, agreed to update the appraisal for a discounted fee since much of the work was already paid for by us in the first appraisal.

You may recall, that we also charged the tenants an opportunity cost payment as a separate upfront fee to allow the lease extension. Additionally, the Board of Supervisors required 3 additional

conditions: (1) a requirement of continued investment in the hangar (additional \$0.03/sqft/yr averaged over a 10 yr period); (2) a re-evaluation of fair market value every 10 years with an option to the Authority to increase the rent to the fair market value; and (3) a condition that if the hangar use was converted to more than just aircraft storage (eg. full FBO), then the rental rate would immediately jump to the full FBO lease rate.

All of these same conditions would apply to this lease extension.
The first step is to get the updated appraisal.

Proposed action. I move we approve the request, and authorize the appraisal update upon Mr. Byard advancing the appraisal fee to the Airport Authority .

I. LEGAL COUNSEL'S REPORT (Non-Action Item).

1. As you heard, we were notified by Senator Cortez-Masto's office that our FAA AIP grant for the Master Plan was approved by the FAA and the Grant Offer should be here shortly. The Airport Authority and the City have approved the Grant Offer, so as soon as it is received, we can do the certification and acceptance documents and proceed with the Master Plan project.
2. The Board of Supervisors approved the changes to Title 19 for the updated Through the Fence fees. Thus the updated fees should be used at the annual renewal of the TTF permits.
3. SB 528 was signed by the Governor and provides \$100,000 per year to be shared by rural airports for FAA matching grants. Carson City is included.
4. SB 64 was signed by the Governor and redirects aviation fuel taxes back to the airport on which the fuel was purchased. Carson City is included.