

AIRPORT COUNSEL BRIEFING

From: Steven E. Tackes, Esq., Airport Counsel
To: Carson City Airport Authority members, staff

Re: September 20, 2107 CCAA MEETING

1. FOR POSSIBLE ACTION: DISCUSSION AND APPROVAL OF PLAN FOR FILLING THE AIRPORT MANAGER VACANCY; REALIGNMENT OF DUTIES AND POSITIONS; CONSIDERATION OF PART TIME POSITIONS; PUBLISHING OR POSTING OF JOB AVAILABILITY (L. Law)

Staff Summary: This is a continuing item for the Authority to address how it will proceed with filling the Airport Manager position on a long term basis, and may consider job responsibilities for Airport Staff and when to proceed with a request for candidates for Airport Staff.

(This is the Chairman's item.)

2. FOR POSSIBLE ACTION: APPROVAL OF A REQUEST BY GEORGE BYARD ON BEHALF OF THE BYARD FAMILY TRUST FOR AN EXTENSION OF THEIR AIRCRAFT STORAGE ONLY LEASE TO SET A NEW 50 YEAR TERM UPON RAISING THE RENT TO THE CURRENT APPRAISED VALUE ALONG WITH THE OPPORTUNITY COST PAYMENT AND OTHER CONDITIONS REQUIRED OF PREVIOUS LEASE EXTENSIONS (S. Tackes)

Staff Summary: Per the recent MAI appraisal of this leasehold, and following the same conditions approved for the lease extensions approved in January of this year on comparable aircraft-storage only leases, the proposed action is to approve an extension of this lease by resetting its 50 year term, increasing the rent to \$0.13/sqft/yr, plus a one time opportunity cost payment of \$14,306.95, use of the standard CPI clause adjustments requirement plus a 10 yr reset to fair market value, a requirement of ongoing investment in the property, and a rate reset if the use limitations are changed.

Background. The Carson City Airport Authority (and Carson City) have leased parcels on the airport to tenants for 50 year terms which provide for the construction of hangars to be used for storage of aircraft (ie. not aircraft repair, flight schools or other broader FBO purposes). Leases are generally governed by NRS 244.281 which requires appraisals, public notice, sealed bids, and an auction. However, extension of aircraft storage only lease is permitted by statute under a more simple process:

NRS 496.080 Sale, lease or other disposal of municipal airports and related facilities and property.

1. Except as otherwise provided in subsection 2 or as may be limited by the terms and conditions of any grant, loan or agreement pursuant to [NRS 496.180](#), every municipality may, by sale, lease or otherwise, dispose of any airport, air navigation facility or other property, or portion thereof or interest therein, acquired pursuant to this chapter.
2. The disposal by sale, lease or otherwise must be:
 - (a) Except as otherwise provided in subsections 3 and 4, made by public auction; and

(b) In accordance with the laws of this State, or provisions of the charter of the municipality, governing the disposition of other property of the municipality, except that in the case of disposal to another municipality or agency of the State or Federal Government for aeronautical purposes incident thereto, the sale, lease or other disposal may be effected in such manner and upon such terms as the governing body of the municipality may deem in the best interest of the municipality, and except as otherwise provided in subsections 3, 4 and 5 of [NRS 496.090](#).

3. A board of county commissioners of a county whose population is 55,000 or more may rent or lease to a person, or renew the rental or lease to a person of, a space for the parking or storage of aircraft, including, without limitation, a hangar, on the grounds of a municipal airport that is owned or operated by the county without conducting a public auction and at a price at least equal to the fair market rental or lease value of the space based on an independent appraisal conducted within 6 months before the rental or lease.

4. The governing body of a city whose population is less than 25,000 may rent or lease to a person a space that is less than one-half of an acre for the parking or storage of aircraft on the grounds of a municipal airport that is owned or operated by the city without conducting or causing to be conducted an appraisal or a public auction.

This statute was used this past December to extend 5 aircraft storage leases on the north side of the airport (Corrao, Seibold, Mayes, etc). The appraisal also included the Byard lease but it became stale (over 6 months old) just after the earlier approvals. Per action by the Authority at the April 2017 meeting, the Authority approved the engagement of the MAI appraiser (Bill Kimmel) to update the appraisal. Mr. Byard provided the Airport Authority with the appraisal fees. The new appraisal determined that the fair market lease rate is \$0.13/sqft/yr. In addition, the Authority required a one-time opportunity cost payment, which is calculated to be \$14,306.95 for the Byard lease. Additionally, the Board of Supervisors required 3 additional requirements: (1) use of the standard CPI clause adjustments requirement plus a 10 yr reset to fair market value, (2) a requirement of ongoing investment in the property, and (3) a rate reset if the use limitations are changed. These same provisions have been applied to the Byard lease.

Proposed Motion: I move we approve the request for the extension of the Byard lease as presented.

3. FOR POSSIBLE ACTION: ADOPTION OF RESOLUTION AND NOTICE OF INVITATION TO BID CARSON CITY AIRPORT LEASE ON THE LEASE PARCEL LOCATED AT THE CORNER OF TAXIWAYS B AND C; APN 5-091-19; LOT E ON DOCUMENT 457163 RECORDED AUG 28, 2015; APPROXIMATELY 95,774 SQ FT; DETERMINATION OF APPROPRIATE MINIMUM LEASE RATE AND TERMS OF LEASE AND PERMITTED USES; SET DEADLINE FOR BIDS AND THE DATE FOR THE BID OPENING AND CONSIDERATION. (S. Tackes)

Staff Summary: Per NRS 244.283, the required process for leasing airport land is via a public offering and sealed bid process upon adoption of resolution by the Authority. The Authority had previously identified this parcel for lease and obtained an MAI appraisal showing that this lot, in its current improved state, has an appraised rental rate of \$0.24/sqft/yr. The proposed resolution will: (a) Describe the property proposed to be leased in such manner as to identify it; (b) Specify the minimum rental, and the terms upon which it will be leased; and (c) Fix a time, not less than 3 weeks thereafter, for a public meeting of the board to be held at its regular place of meeting, at which sealed

proposals to lease will be received and considered. The Authority will consider a phased development offering option.

NRS 244 dictates the method for leasing of public land, including land located on the Carson City Airport. Here is a link to the full law <https://www.leg.state.nv.us/NRS/NRS-244.html#NRS244Sec2795> (but the short version is that we do the following:

1. Identify the area to be offered. We did so at our June meeting (item F-4).
2. Get an appraisal. We have. It is attached and appraises the rental rate on this area at \$0.24/sqft/yr.
3. Determine the minimum terms of the lease and adopt a resolution to offer the land for lease with deadlines for bids and the schedule for opening and hearing the offers. This action is being taken at this meeting.
4. Publish the Resolution and Notice of Invitation to Bid in the newspaper at least once a week for 3 successive weeks.
5. Receive the bids by the deadline in the Resolution;
6. Consider the bids at a public meeting and allow competitive oral bidding if there is more than 1 bid made. At that time we award the bid.
7. Obtain Board of Supervisors approval as is required for all leases per NRS 844.

As mentioned above, we have an appraisal that took into account the fact that infrastructure is already installed on the parcel. Per the statute, that appraised rental rate is the minimum that the property can be leased for.

Attached is a model lease with the minimum terms. This is an updated version of the existing aircraft storage leases. The FAA Assurance provisions were updated, as were lease modifications required by the Board of Supervisors. These latter give the Authority the right on 10 year intervals to adjust the rent to fair market value if the CPI adjustment is inadequate, and state that if the use on the leasehold were ever changed to full FBO, then the full FBO rental rate applies. The model lease is for aircraft storage only, which was a factor considered in the appraisal as well.

I have included dates in the Resolution of October 16 for the deadline to submit bids with our regular meeting on October 18 to consider the bids and award the lease. This is as compressed as we can do it and still meet the publishing requirements. If you believe it better to have more time for bidders and give us a bit of a cushion, we can change those dates to Nov. 13 and 15, respectively.

Proposed Motion: I move we adopt the resolution offering the land for lease under the terms (set forth in the briefing) or (as discussed during the meeting) with a minimum rental rate of \$0.13/sqft/yr and the model lease terms.

4. FOR POSSIBLE ACTION: APPROVAL OF TASK NO. 7 TO THE ATKINS ENGINEERING CONTRACT TO PROVIDE DESIGN SERVICES FOR THE REHABILITATE TAXIWAYS A & D PROJECT WITH A NOT TO EXCEED AMOUNT OF \$26,900. (B. Fitzgerald)

Staff Summary: The Authority will consider approval of Task 7 for the rehabilitation of Taxiway A and Taxiway D and associated connectors. It is anticipated that the work will be performed in two phases that will include rack sealing, pavement rejuvenation, and new striping. Also included are bidding services for the construction. This project is depicted on the Airport Layout Plan, the Airport Capital Improvement Program, and received NEPA clearance in June 2017. Approval is requested contingent on FAA funding of the Project.

This is the Airport Engineer's item.

Proposed Motion: I move we approve Task 7 conditioned on receipt of FAA funding.

5. FOR POSSIBLE ACTION: APPROVAL OF THE PURCHASE OF A BLOWER FOR CLEANING THE RUNWAY AND TAXIWAYS WITH A NOT TO EXCEED AMOUNT OF \$10,000; APPROVAL OF AN EXPENDITURE OF \$4,000 FROM THE GATE ACCOUNT TO REPLACE GATE 2. (D. Zahtilla)

Staff Summary: The Authority will consider the need for, and whether to authorize, these purchases.

This is the Airport Manager's item.

Proposed Motion: I move we approve –[insert determination of the Authority]-.

Airport Counsel briefing.

1. We are working through the new Carson City Ordinance that implements the FAA Hangar Use Policy. Today (Sept 20) is the deadline for receipt of the forms. At last report we had --% received. Our next step is to complete our population of the database which is being done with the database development help of John Mayes. Then we will analyze the data and cross check it against City tax payments, FAA n-number searches and other databases to corroborate information on as many of the hangars as we can. To the extent that we cannot corroborate or if the data conflicts, then we will ask for additional information or bring this matter to the Authority to determine the next steps, which may be hangar inspections, enforcement actions or other actions.
2. Tie-downs. We are working on getting an accurate count and location of actual tiedowns post ramp reconstruction. As you may know, a number of tie-downs formerly held by Shadetree reverted to the Authority on September 1, 2017.
3. FAA. We continue to work with the FAA to implement their compliance recommendations. We have completed the compliance recommendations from the land use audit per a confirming communication from the FAA. We are still working through the hangar use issue that was raised by a Complaint made to the FAA.