

**Airport Advisory Committee
Nunno Lease Options Summary
(Updated 08/07/2016)**

- **Option 0.5: Hold Over**
 - **REVENUE: Nunno would continue to pay \$5,548 per month.**
 - Let the hold over clause in the lease to become effective upon lease termination.
 - This allows for the lease to essentially become a month to month lease with the same rental rates.
 - This option was proposed by Jeff Harner to allow for more time to evaluate the issue.
 - Staff expressed a desire to have a lease policy developed and adopted sooner than later to aid with lease management at the airport.

 - **Option 1 Extend the Nunno Lease:**
 - **REVENUE: Currently Nunno pays \$66,576 per year.**
 - Conduct market study to set new lease rate.
 - Confirm with FAA maximum duration. We believe it is 10-years.
 - Draft new lease terms
 - Could incorporate use fees
 - Execute lease and have Council Adopt
 - **UPDATE: Nunno Will Be Submitting an Offer**

 - **Option 2 Let the Lease Expire and Exercise Reversion on Only Those Hangars Owned By Nunno:**
 - **REVENUE: \$106,123.94 per year.**
 - Under this option the existing lease with Nunno would be allowed to expire and the City would only exercise the reversion rights afforded by the lease on those 4 hangars still owned by Nunno. The owners of the remaining 70 hangars would be required to enter into a new ground lease.
 - Enter into new ground leases with each of the owners of the 70 hangars.
 - Determine if there is a legal issue allowing owners of the fixed hangars to keep the hangars. Would this be a gift of public
 - Establish market rate for rent
 - Determine lease term
 - Establish maintenance structure for fixed units.
 - Require the establishment of an HOA type Structure and require each owner to be responsible for the cost to maintain all components that are directly related to their individual hangar (doors, rail system, etc.) and require the HOA to be responsible for a pro-rated share of the common structure components (roof).
- OR
- Serve as a Property Manager (as Nunno does now) and require each owner to be responsible for the cost to maintain all components

that are directly related to their individual hangar (doors, rail system, etc.) and require each owner to be responsible for a pro-rated share of the common structure components (roof).

- Maintenance of the portable units would entirely be the responsibility of the owner.
 - Rent out the four hangars that would revert. And join maintenance structure based on one of the options above or another option. For example if the roof in one of the fixed units required replacement, the City would be responsible for the cost equal to our pro-rated share of the building.
- **Option 3 Let the Lease Expire and Exercise Reversion on all Fixed Structures:**
 - **REVENUE: \$157,152 per year.**
 - Under this option all of the fixed hangars (all of T and N Rows and S-12 and P-12) would be reverted. This would include the reversion of 26 hangars.
 - Enter into new ground leases with each of the owners of the 48 portable hangars.
 - Establish market rate for rent
 - Determine lease terms
 - Maintenance of the portable units would entirely be the responsibility of the owner.
 - Rent out all 26 fixed hangars that would revert.
 - Establish market rate for rent
 - Determine lease terms. Current City rentals are all short term leases with escalation.
 - Maintenance of the fixed units would be the responsibility of the City.
- **Option 4 Terminate Nunno Lease on Porta Port Hangars and Enter Into a New Lease for All Fixed Hangars**
 - **REVENUE: Between \$80,404 and \$96,060.**
 - Scenario A \$80,404– Revenue estimated based on establishing the rate for the new Nunno Lease based on the square foot cost that Nunno is currently paying.
 - Scenario B \$96,060 – Revenue estimated based on establishing the rate for the new Nunno Lease based on the square foot cost that would be charged if rented out individually.
 - This option would include entering into a new ground lease with Nunno for all Fixed Hangars.
 - Enter into new ground lease on all 48 porta-ports.
 - Require capital investment into the airport in an amount that commiserates with the lease term.
- **Option 5 Enter Into New Lease With Nunno Under HOA Type Framework (Added 08/03/2016)**
 - **REVENUE: Greater Than \$66,576 per year.**
 - A new lease rate would be negotiated with Nunno.
 - A new lease would be negotiated.
 - Require participation in an HOA like structure.
 - Require hangars to meet an established standard.
 - Require HOA to make capital investment into the airport.