February 8, 2017

To: Clerk of the Board of Supervisors

From: Frank Kim, County Executive Officer

Subject: Exception to Rule 21

The County Executive Office is requesting a supplemental for the February 14, 2017, Board Hearing Meeting.

Agency: John Wayne Airport

Subject: Approval of Interim Fixed Base Operation Leases

District(s): 2

Reason for supplemental: Upon direction from the Board of Supervisors, this Agenda Staff Report (ASR) needs to be scheduled for the February 14, 2017, Board meeting. The Recommended Actions in the proposed ASR, if approved, would (1) rescind the Board action taken on January 24, 2017, and (2) authorize the Airport Director to execute new leases with Atlantic and ACI Jet “upon receipt of the required insurance and security deposits.”

Concur: Chairwoman Michelle Steel, Supervisor, Second District

cc: Board of Supervisors
County Executive Office
County Counsel
SUPPLEMENTAL AGENDA ITEM
AGENDA STAFF REPORT

MEETING DATE: 2/14/17
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): 2
SUBMITTING AGENCY/DEPARTMENT: John Wayne Airport
DEPARTMENT HEAD REVIEW: Barry A. Rondinella (949) 252-5183
DEPARTMENT CONTACT PERSON(S): David Pfeiffer (949) 252-5291

SUBJECT: Approval of Interim Fixed Base Operation Leases

CEO Concur

County Counsel Review

Approved as to Form

CLERK OF THE BOARD
Discussion

4/5 Vote

Budgeted: No  Current Year Cost: N/A  Annual Cost: N/A
Staffing Impact: No  # of Positions: N/A
Current Fiscal Year Revenue: $698,404  Sole Source: N/A
Funding Source: See Financial Impact Section  County Audit in last 3 years: No

Prior Board Action: 12/13/16 #S58A, 1/24/2017 #28

RECOMMENDED ACTION(S)

1. Rescind January 24, 2017, Board Action, Item 28, awarding Interim Fixed Base Operation Leases to Newport FBO Two, dba Atlantic Aviation and ACI Jet, Inc.

2. Approve resolution for Interim Fixed Base Operation Lease for the Southeast Fixed Base Operation with Newport FBO Two, dba Atlantic Aviation.

3. Approve resolution for Interim Fixed Base Operation Lease for the Eastside Fixed Base Operation and Westside Hangars with ACI Jet, Inc.

4. Authorize the Director of John Wayne Airport to execute both of the Interim Leases with the above selected firms upon receipt of the required insurance and security deposits.
SUMMARY:

Approving interim Fixed Base Operation (FBO) leases to (1) ACI Jet for the Eastside FBO and the Westside Hangars, and (2) Atlantic Aviation for the Southeast FBO, both for a term of approximately two years, will allow for services to be provided to airport users while John Wayne Airport conducts the General Aviation Improvement Program study for future development of general aviation facilities.

BACKGROUND INFORMATION:

On September 22, 2016, John Wayne Airport (JWA) issued a Request for Qualifications (RFQ) for two full service FBOs for Interim Leases at JWA. JWA sought statements of qualification (SOQs) from those firms possessing a minimum of five years continuous experience that could demonstrate their qualifications and ability to operate a full-service FBO by providing aviation services including, but not limited to, aircraft fueling; aircraft storage (hangars and tie-downs); aircraft charters; and aircraft maintenance and repair.

The two FBO facilities are being offered as follows:

1. **Southeast FBO**: One two-story office building and three community hangar structures (totaling 83,265 square feet), and a fuel storage facility, all of which are situated on approximately seven acres of land located at 19711 Campus Drive, Santa Ana, CA.

2. **Eastside FBO and Westside Hangars**: One hangar/office structure (45,778 square feet), a separate T-hangar building (14,892 square feet), and a fuel storage facility, all of which are situated on approximately 10.172 acres of land located at 19301 Campus Drive, Santa Ana, California (collectively referred to as the eastside FBO). The existing hangar facility buildings (94,449 square feet) and property consisting of 4.935 acres of land located at the corner of Airway Avenue and Paularino Avenue, Costa Mesa, CA (referred to as the Westside Hangars).

In addition to being posted on BidSync, the RFQ was advertised in Business Air, a general aviation trade magazine, and was marketed to potential bidders identified from JWA’s list of interested parties, contacts at other airports, and from firms listed in the 2016 Aviation Fueling Directory published by trade magazine Airport Business.

The six qualified respondent firms were (in alphabetical order): ACI Jet, Advanced Air, LLC, Atlantic Aviation, Clay Lacy Aviation, Inc., Jet Aviation and Signature Flight Support. The Board considered the results of the RFQ process as well as other information provided before and/or during its December 13, 2016, and January 24, 2017, meetings.

On January 24, 2017, the Board, exercising its authority under Government Code Section 25536, selected Atlantic Aviation for the Southeast FBO and ACI Jet for the Eastside FBO and Westside Hangars. A protest letter dated January 31, 2017, was sent by Manatt, Phelps & Phillips, LLP, on behalf of Signature Flight Support. In response to this letter, and in an effort to provide clarity, JWA now proposes that the Board (1) rescind its January 24, 2017, approvals, and pursuant to California Government Code Section 25536, and as set forth in the attached Resolutions, (2) approve the Southeast FBO Interim Lease with Atlantic, and (3) approve the Eastside FBO and Westside Hangars with ACI Jet.

**Compliance with CEQA**: The proposed project is Categorically Exempt (Class 1) from the provisions of CEQA pursuant to Section 15301, because it provides for the exemption of leasing existing public facilities involving negligible or no expansion of a use beyond that existing.

**FINANCIAL IMPACT**
Lease revenue from the Southeast FBO will be $1,500,000 per year, which is an increase of $801,960 above the current annual rent. Lease revenue from the Eastside FBO and Westside Hangars (under one lease) will be $2,940,000 per year, which is an increase of $1,297,657 above the current annual rent. The combined total annual increase will be $2,099,617. The increase in rents is based on increases in land values and the value of improvements which reverted back to the County when the prior leases expired.

These leases contain a Termination for Convenience clause which states that these leases may be terminated by either party for any reason, and without cause, upon 120 days written notice.

**STAFFING IMPACT:**

N/A

**ATTACHMENT(S):**

Attachment A – California Government Code Section 25536
Attachment B – Resolution Approving Lease with Newport FBO Two, dba Atlantic Aviation
Attachment C – Resolution Approving Lease with ACI Jet
Attachment D – Southeast FBO Interim Lease
Attachment E – Eastside FBO and Westside Hangar Interim Lease
Attachment F – Southeast FBO Interim Lease Summary
Attachment G – Eastside FBO and Westside Hangar Interim Lease Summary
Attachment H – Real Property Conveyance Questionnaire