

GILLESPIE FIELD DEVELOPMENT COUNCIL

Wednesday, September 19, 2018

AGENDA ITEM #7

Proposed New 30-Year Aviation Ground Lease with Westways Aviation, Inc.
(Replacing County Contract Number 71999R)



BACKGROUND

The County Board of Supervisors approved a thirty (30) year Aviation Lease (“Lease”) with Wayne E. Breise on November 4, 1997. The Lease was amended multiple times and was subsequently assigned to Westways Aviation, Inc. (“Westways”) in May of 2014. The Lease is scheduled to terminate on January 31, 2033.

Westways has requested to extend the term by entering into a new 30-year aviation ground lease. The new lease would provide adequate time for Westways to amortize their investment in their updates and renovations to the leasehold to better accommodate General Aviation.

This is a request for Gillespie Field Development Council to recommend the County Board of Supervisors approve a new 30-year aviation ground lease with Westways.

PROPOSED NEW LEASE

The proposed new lease follows the County’s standard methodology based on the most recent County standard aviation ground lease format approved by County Counsel.

Term

The proposed new 30-year lease is estimated to commence on December 1, 2018 and terminate on November 30, 2048.

Premises

The leasehold premises would remain 7.16 acres.

Base Monthly Rent

The initial base monthly rent for this leasehold will be \$8,396.70, based on the rent schedule set forth in the existing lease. Thereafter, base monthly rent will be adjusted consistent with other aviation leases at Gillespie Field, based on the same schedule and terms contained in the existing lease.

Equity Payment

As the County’s ownership of the leasehold improvements would be postponed as a result of granting a new lease, Westways would pay the County compensation for the postponing of this reversionary interest, otherwise known as an “Equity Payment.” The County and Westways have agreed to an Equity Payment of \$302,693, to be paid within 45-days of Board approval of the new lease.

Required Leasehold Improvements

As additional consideration for the County granting a new lease, Westways would be required to meet a minimum capital investment requirement of \$566,832. A portion of this requirement will be used for the required removal and replacement of two identified hangar buildings. The remainder of this requirement will be used to redevelop the leasehold to better serve the General Aviation community. Any additional investment will be at the discretion of Westways and would not be used towards any future lease extensions.

Recommended Motion

“Gillespie Field Development Council recommends the Board of Supervisors approve the proposed new 30-year Aviation Ground Lease with Westways Aviation, Inc., as recommended by staff.”