

# Hangar 8 Lease Amendment Proposal to the Board

Cameron Park Airport District

Board Meeting

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# Hangar 8 Lease Amendment Proposal Background

- Hangar 8 leased by Foothill Sport Aviation, executed on October 25, 2022.
  - Expires on June 30, 2027
- Foothill was held by four owner/operators. One of owners wants to grow the business beyond what O61 resources can provide and is opening a new business at another airport, taking one of the airplanes.
  - The other two owners, at least for now, prefer to operate with the remaining airplanes, but may add another airplane(s) later.
- This opens space in Hangar 8 for one or more airplanes
- Foothill desires to have the option to sublet the space to airplane(s) not used for Foothill's business

# Foothill Lease Terms & Conditions – *Why Amend?*

- 4. DESIGNATED AIRCRAFT – “Aircraft stored in the hangar shall be limited to aircraft used in the business and personal aircraft owned by the business owners...”
- 5. ALLOWABLE COMMERCIAL OPERATIONS/BUSINESS: “Only aviation related business that require access to the runway, and use of, and including operating aircraft, is permitted.”
- 7. Lessee shall notify the airport manager if there are significant changes to the above business description being contemplated or proposed. The airport manager shall determine if a change to the lease is required to recognize the change or addition to the business operations.
- 35. ENTIRE AGREEMENT/AMENDMENT: ... “This agreement may be modified or amended in writing, if the writing is signed by the party’s obligated or under the amendment.”

# Amendment Proposal – Foothill Should be Able to:

- Set lease term to accommodate possible growth in its' business
- Select sublet leasor (candidates from hangar waiting list, in order from top of list) that is compatible with Foothill's business operations.  
i.e. be able to move airplanes in hangar(?) defined in sublet lease Ts&Cs.
- Set rate and payment terms

# Rationale

- CPAD has a long hangar waiting list
  - Foothill subletting does not compete with CPAD hangars
- CPAD provides aviation services to the local aviation community
  - Restrict sublet candidates to those on the hangar wait list, candidate contacted in order from top of list
  - In the event that a hangar becomes available where the sublet could lease the hangar, Foothill shall release the sublet from the sublease if requested by the subletter.
    - Hangar sublet is likely not long term (sublet may not be renewed) and O61 hangar lease is stable
    - *And airplanes should be in hangars! It would be good to be able to have more of our local airplanes in a hangar.*
- Sublet help Foothill be more financially healthy
  - *More pilots and airplanes...and fuel purchases.*

# Amendment Proposal

- Allow Foothill to sublet at their option with the following terms:
  - Airplane candidates must be chosen from the current O61 hangar waiting list beginning with the top of the list and in order
    - In order to be sublet, the candidate must agree to Foothill sublet terms (i.e. term and movement of airplane).
  - Foothill will:
    - Contact candidate, in order off hangar wait list, ask if interested and present terms
    - Determine sublet rate and term of the sublet
      - Sublet would expire with Foothill lease, unless the lease is renewed
    - Is responsible for managing subleases
    - Notify the Airport Manager of sublets
  - In the event that a hangar becomes available where the sublet could lease the hangar, Foothill shall release the sublet from the sublease if requested by the subletter.
  - Foothill shall continue to operate a business (it cannot sublet all space to non-business)
    - Subject to T&C #4 DESIGNATED AIRCRAFT – At least one aircraft stored needs to be for business
  - Subleases are subject to the same terms and conditions of CPAD’s non-commercial hangar rental agreement, with several expectations, including, but not limited to: rate, payment, utilities and services, defaults, termination by the district for non-payment.
  - Ts&Cs to be worked with and agreed to by the Airport Manager.
    - Ts&Cs include, but not limited to: insurance, and termination by the district for violation