



Renewal of Airport Ground Lease Agreement

Private Hangars at Nut Tree Airport

Presented to the Board of Supervisors
on December 9, 2025
General Services Department



Background

- **Existing Private Hangar Leases**
 - 35 hangars built by tenants under leases in 1996 (or before)
 - Included CPI rent adjustments, maintenance obligations, and restrictions to non-commercial use
 - Expire December 31, 2025 (after reaching 30-year max term)
 - 30-year term allowed tenants to recoup investment
 - Typical useful life of hangar is 40-50 years



Key Considerations – FAA & Financial

- **Must comply with FAA Grant Assurances:**
 - Charge fair market rental rates
 - Keep the Airport financially viable and sustainable
 - Ensure best use of airport land
- **Nut Tree Airport is an Enterprise Fund:**
 - Not eligible for General Fund support
 - Cannot afford to purchase hangars (\$4.15 million)



Proposed Lease Agreement

- **New Airport Ground Lease Agreement - Terms:**
 - Initial 10-year term, with a 10-year extension option
 - Initial rent of \$1.02/sf/year, plus 3% annual increases based on rental rate analysis
 - Transitions ownership to County after full term expiration
- **Annual Lease Revenue – First Year:**
 - \$68,844 total
 - Typical first-year rent:

Hangar Size	Annual Rent
2,000 sf	\$2,040
2,091 sf	\$2,133
3,000 sf	\$3,060
7,701 sf (for 6 hangars)	\$7,855



Recommended Board Actions

- Consider approving the form of the proposed Airport Ground Lease Agreement for private hangars to be executed with 20 separate tenants, covering 35 existing hangars at the Nut Tree Airport, with a 10-year initial term commencing January 1, 2026, one successive 10-year extension option, and an initial rent of \$1.02 per square foot per year with 3% annual increases;
- Authorize the Airport Manager, with concurrence of the County Administrator and County Counsel, to finalize lease negotiations with the tenants, including revisions deemed necessary and appropriate by County Counsel;
- Authorize the Airport Manager to execute all Ground Lease Agreements and any subsequent modifications or amendments, with County Counsel concurrence; and
- Authorize the Airport Manager to take all actions necessary to administer and implement the lease agreements.