



Milwaukee County

Legislation Text

File #: 12-62, **Version:** 1

From the Acting Director, Department of Transportation, and the Airport Director, requesting authorization to amend Airport Agreement No. TF-1158 with Gran-Aire, Inc., extending the agreement on a year-to-year rental basis, for the operation of a fixed base operator facility at Lawrence J. Timmerman Airport.

POLICY

County Board approval is required to extend certain agreements beyond one year at Lawrence J. Timmerman Airport (LJTA).

BACKGROUND

Milwaukee County entered into a lease agreement on October 30, 1997, with Gran-Aire, Inc. for the lease of buildings and land for engaging in and conducting a fixed base operation at LJTA. The agreement had an initial term of five years ending on June 30, 2001, with an option to renew the Agreement for four additional five-year option terms. Gran-Aire, Inc. has exercised two of its four option terms. The second of four option terms expired on June 30, 2011, and Gran-Aire, Inc. has been operating on a month-to-month basis under the same terms and conditions of the base agreement as amended. Gran-Aire has requested to operate in the third rental option under redefined rents and expenses since transient and corporate aircraft activity levels have significantly decreased over the past several years. Local pilots continue to store aircraft at LJTA but are not significantly operating their aircraft during this economic downturn. As a result, Gran-Aire is no longer exposed to the revenue producing possibilities that existed when the lease commenced in 1997 and existed through 2008.

Lawrence J Timmerman Airport (LJTA) serves private and corporate aircraft given the term, "General Aviation" or "GA". General aviation, particularly that segment served by LJTA, has been in a holding pattern in the United States. Piston and turbine aircraft sales have been flat for the past ten (10) years. The Federal Aviation Administration (FAA) projects that, over the next 20 years, the GA fleet will grow modestly; however, the largest increase will be in the business aviation segment, with larger and longer range aircraft (twin-engine and corporate jet aircraft).

Operations (take-offs and landings) at LJTA have decreased over the past two decades reflecting the state of general aviation, cost of fuel and aircraft, and the general economy. There were 32,637 aircraft operations in 2010, a marked decrease from the 79,815 operations in 2000. There are 80 aircraft based at LJTA, including single and multi-engine aircraft, jets, and helicopters. Local media bases their helicopters at LJTA.

Because of limited runway length, LJTA is not as competitive to attract corporate aircraft activity and is at a disadvantage to Waukesha County - Crites Field. Milwaukee County is in the process of extending Runway 33R-15L from 4,100 feet to 4,700 feet, which will make LJTA more attractive to the larger corporate aircraft and to better serve as the airport of choice for Northwest Milwaukee County, Menomonee Falls, Germantown, and Ozaukee County. Airport planners have also worked with the FAA in order to develop instrument approach procedures that are more precise than the previous procedures that were in place. Landing minimums have decreased by 300 feet through the implementation of satellite-based navigation systems.

Gran-Aire has requested a reduction in rent as well as a greater County share in the maintenance and utility responsibilities at LJTA. Staff reviewed the request of Gran-Aire and has concluded that it is necessary to reduce Gran-Aire's rent and increase the County's share of operational and maintenance related responsibilities. Airport staff will monitor the economic factors at LJTA and will make adjustments to the lease, upon County Board approval, at the end of each lease term.

RECOMMENDATION

Airport staff recommends that the Airport Director be authorized to amend Airport Agreement No. TF-1158 with Gran-Aire, Inc., for the operation of a fixed base operator facility at Lawrence J. Timmerman Airport under renegotiated terms and conditions, as follows:

1. The amendment shall extend the term of the agreement on a year-by-year basis not to exceed June 30, 2016.
2. Recommended changes to the rental of the premises and facilities are as follows:
 - a. County will assume the maintenance of operations of 50,000 square feet of exterior pavement causing a reduction to the overall land and pavement rent.
 - b. The rental of the two-story masonry and steel hangar, also known as the Main Hangar, containing approximately 17,835 square feet of ground floor space will remain unchanged.
 - c. Rental of the thirty-two (32) steel nested T-hangars, shown on Exhibit A as rows A, B, C, D, E, F, KI-K4, and LI-L4 will remain unchanged.
 - d. Ten (10) concrete block T-Hangar units (known as rows K5 - K10 and L5 - L10) of the overall Thirty (30) concrete block units will be removed from the lease. Twenty (20) concrete block units, known as rows I, J, K1 - K4, and L1 - L4 will remain.
 - e. Three (3) one-story wood frame round-top hangars, known as Q1, Q2, and Q3 will remain unchanged.
 - f. Forty (40) metal T-hangars, known as rows M, N, O, and P will remain unchanged.
 - g. The one-story, steel frame, metal clad hangar, containing approximately 4,000 square feet of ground floor space, shown on Exhibit A as H-152 will remain unchanged.
 - h. Three (3) one-story, metal frame hangars, identified on Exhibit A as G-1, G2, and G3 will remain unchanged.
 - i. 50,000 square feet of land and pavement designated as "Paved Land" surrounding the buildings will revert back to the county. Gran-Aire will continue to lease 69,435 square feet of land and pavement surrounding the Main Hangar
3. Fixed rentals will remain subject to annual adjustment each July 1 in accordance with the Consumer Price Index (All Urban Consumers) for the Milwaukee Area as published by the U.S. Department of Labor, Bureau of Labor Statistics, or the national replacement or successor index as readjusted to the base month, and computed by comparison of the current January index with the index of the preceding January.
4. Heat and utilities associated with the Main Terminal will be furnished and paid for by Milwaukee County.
5. Aircraft hangar door maintenance associated with all leased buildings will be assumed by Milwaukee County.

FISCAL NOTE

LJTA serves as a reliever airport of General Mitchell International Airport (GMIA) and currently operates at a budgeted deficit of \$221,442.00 for 2012 which is included in the Airport Division budget and paid by revenues

of GMIA. This deficit will increase by approximately \$112,000 per year with the changes to lease area and utilities proposed in this amendment. There is no impact to the tax levy of Milwaukee County.

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