



SUMMARY REPORT

Agenda Date: 10/14/2025

To: Board of Supervisors

Department or Agency Name(s): Sonoma County Public Infrastructure

Staff Name and Phone Number: Johannes J. Hoevertsz, 707-565-2550

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Amendments to the Charles M. Schulz - Sonoma County Airport Commercial Leasing Policy

Recommended Action:

Approve and adopt the amended Airport Commercial Lease Policy for all commercial leasing activities at the Charles M. Schulz - Sonoma County Airport (Airport).

Executive Summary:

The Department of Public Infrastructure, Airport Division (Airport), requests the approval and adoption of amendments to the Airport Commercial Leasing Policy. The proposed policy will guide all commercial lease activity on the Charles M. Schulz - Sonoma County Airport to promote the best use of Airport land, standardize lease negotiations, and promote transparency and consistency in commercial leasing transactions. This policy also supports the Federal Government's recommendation for airports to establish land use policies to safeguard eligibility for federal grants.

Discussion:

The Airport's existing Commercial Lease Policy outlines requirements for commercial tenants operating on Airport property. Historically, the policy has guided lease structuring, capital improvement expectations in compliance with Federal Aviation Administration (FAA) regulations and County procedures. Periodic reviews and updates of the Commercial Lease Policy ensures implementation of FAA guidance and best practices for airport management. The Airport reviewed the current policy and provided recommended changes to align with current financial, legal, and operational standards. Additional recommendations were made to clarify policy items and reduce ambiguity.

The FAA recommends that airports create and adopt land use policies in alignment with Federal law, the Airport Layout Plan and the Master Plan and this Policy supports that recommendation. The proposed updates also include FAA-required contract language for all land transactions, including leases (Attachment A). Federal laws and regulations require that recipients of federal grants include specific contract provisions in certain contracts. The FAA does not approve leases but scrutinizes them to determine if they violate any of an airport's obligations attached to federal grants.

The policy was last updated in 2018 in conjunction with prior Airport Master Lease Agreements and includes

provisions for aeronautical, non-aeronautical, and industrial/office leasing. These updates align with FAA regulations, which require that all terms be applied equitably to airport users without unjust discrimination.

The Aviation Commission is a body designed to provide review and recommendations for Airport policies. The proposed Commercial Leasing Policy updates were presented to the Aviation Commission for review and discussion in July and August. The Aviation Commission recommended all updates with two proposed amendments: allowing for 50-year lease terms, and a continuation of the current Capital Investment requirement. The recommendation from the Commission passed with two members voting in favor, one against, two absent and one recusal. During the Commission meetings, there were no public comments and limited feedback from one commercial tenant.

The Airport recommends adoption of all original proposed updates (Attachments B and C), which include updating the Airport Leasing Policy to increase the minimum Capital Investment requirement from \$50,000 to \$75,000, and to maintain the maximum lease term of 40 years. This adjustment is necessary to better reflect construction cost increases since the minimum development requirement was first adopted as the standard 15 years ago without any subsequent updates and ensures the Airport will continue to receive high-quality developments that align with long-term asset and compliance needs. The Airport believes the proposed \$75,000 requirement presents a balanced, inflation informed response standard that remains below the full construction cost index increase, while retaining the current 40-year lease term provides adequate flexibility for tenants without overcommitting Airport land use for future planning needs.

Additional proposed updates to the Airport's Commercial Lease Policy (Attachments B and C) clarify that if a tenant extends a 5-year lease beyond five years, Capital Investment requirements will retroactively apply to the full lease term. This ensures that tenants do not use five-year leases to work around the Capital Investment requirement that applies to other lessees with longer terms. Updates also define lease terms and rates for industrial/office tenants, confirm all lease types now include a standard 4% annual rent increase, and a market rent reset every 10 years, and clarify that maximum lease terms may not exceed 40 years (or 50 years in certain improvement scenarios). The Capital Investment formula increases to \$75,000 per acre from \$50,000 per acre per lease year and excludes maintenance. Additional changes include updates to department and agency names, expanded requirements for insurance and approvals, clearer enforcement of construction timelines, and a broader definition of commercial activity subject to percentage rent, including off-site or online sales linked to Airport use.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

01/23/2018 - Board approved Charles M. Schulz - Sonoma County Airport Commercial Lease Policy; Resolution

FISCAL SUMMARY

Expenditures	FY25-26 Adopted	FY26-27 Projected	FY27-28 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures	\$0		
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources	\$0		

Narrative Explanation of Fiscal Impacts:

There are no direct fiscal impacts to the Airport or to the County of Sonoma as a result of this policy amendment.

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

Attachment A - STS Commercial Lease Policy ADA

Attachment B - STS Commercial Lease Policy ADA Redlined Draft

Attachment C - Commercial Leasing Policy Review Table

Related Items "On File" with the Clerk of the Board:

None.