



MEMORANDUM

TO: Winnebago County Board of Supervisors

FROM: Jim Schell, Airport Director

RE: Approve a Building Transfer Agreement with the Experimental Aircraft Association

DATE: October 15, 2019

BACKGROUND: As part of the negotiation in creating Amendment #2 to the EAA Ground Lease & Use Agreement, EAA desires to acquire two properties currently owned by Winnebago County. EAA proposes to acquire each property at a nominal fee of \$1, in exchange for the removal of a rent reduction clause, currently contained in the lease agreement. The removal of this clause, given the annual lease revenue due to the County at the effective date of the amendment, results in a \$39,524 annual rental revenue benefit to the County.

SCOPE: The first property is located at 3089 Knapp Street and is commonly referred to as the Blue Barn. It is a 4,500 square foot pole building, with wood framing and metal siding. EAA has been leasing this pole building from the County at a rate of \$350 per month since July 1, 1996. All maintenance on this facility both major and minor has been conducted by EAA since the original inception of the lease agreement. Based upon the replacement cost value of a pole storage building we own, adjacent to the Airport's maintenance shop, we've estimated the value of the Blue Barn at approximately \$80,000. Our pole storage building is similar in size (5,000 SF), construction type and age to the Blue Barn.

The second property is located at 946 Waukau Avenue and is commonly referred to as EAA's Press Headquarters Building. It is a 1,500 square foot ranch style home, built in 1955. EAA has also been leasing this property from the County at a rate of \$525 per month since April 1, 1994. All maintenance of this building both major and minor has been conducted by EAA since the original inception of the lease agreement. Based upon two comparable homes, both on Waukau Avenue, the value of the Press HQ Building has been estimated at approximately \$100,000. By City tax assessment records, the value of the home at 1382 Waukau Avenue is \$86,600 and the home at 1338 Waukau Avenue at \$105,600. Both properties are of similar construction type and were built in the same era.

Photos of both properties are attached to this memo. It is important to note that the proposed property transaction includes only the buildings upon the land. The County will retain ownership of the land parcels in both cases.

FINANCIAL IMPACT: With the removal of paragraph 6(C) from the Ground Lease & Use Agreement, the County will be entitled to \$39,524 in additional annual revenue pursuant to the terms of the overall lease, as amended. The removal of this rent reduction clause will be accomplished upon the approval of Amendment #2 to the Ground Lease & Use Agreement. Should the property transaction be approved, the County would forego rental payments in the amount of \$10,500 annually. The net annual benefit to the County is \$29,024. Given the estimated value of the improvements in this transaction, we would recoup our cost of relinquishing those assets in approximately 6 years. With 23 years remaining on the current land lease agreement, the net long term benefit to the County in approving this transaction is in excess of \$500,000.

RECOMMENDATION: Approve the Building Transfer Agreement with the Experimental Aircraft Association, pursuant to corporation counsel approval of the final agreement documentation.