

ENROLLED ORDINANCE 170-10

APPROVE STEIN'S AIRCRAFT SERVICES LLC AS AN AIRCRAFT FUELS AND OIL  
AERONAUTICAL SERVICE PROVIDER AT WAUKESHA COUNTY AIRPORT  
AND APPROVE AMENDMENT TO HANGAR LEASE AGREEMENT

WHEREAS, Stein's Aircraft Services, LLC has applied to become an Aircraft Fuels and Oil Aeronautical Service Provider in accordance with Waukesha County's Minimum Standards for Aeronautical Service Providers, and

WHEREAS, Stein's Aircraft Services, LLC has been operating at Waukesha County Airport since 2001 and has continually provided good service to the flying public and has incrementally increased the services they offer to their customers and would like to increase their services to include fuel and oil sales, and

WHEREAS, Stein's Aircraft Services, LLC will invest \$500,000 in fuel farm infrastructure and hire six new full-time employees with annual salaries averaging \$31,000 to operate the fuel farm and dispense fuel, and,

WHEREAS, an additional fuel provider will introduce new land lease and fuel flow revenue to the Waukesha County Airport budget assisting the Airport in reducing its reliance on tax levy from Waukesha County, and

WHEREAS, Waukesha County agrees to amend the Hangar Land Lease Agreement between Waukesha County and Stein's Aircraft Services, LLC to allow Aircraft Fuels and Oil Sales as an approved Aeronautical Service for 3 years at which time the company will complete a hangar in the Airport Terminal Ramp area which already allows for Aircraft Fuels and Oil Sales to be performed and to lease 30,960 square feet of airport land immediately South of the existing fuel farm to construct the new fuel farm, and

WHEREAS, Waukesha County agrees to suspend land lease payments until January 1, 2021 for the new fuel farm to be installed by Stein's Aircraft Service, LLC in consideration for the fuel farm infrastructure which shall become property of Waukesha County in the event of a termination of fuel service by Stein's Aircraft Service, LLC or a default of the lease.

THE COUNTY BOARD OF SUPERVISORS OF THE COUNTY OF WAUKESHA ORDAINS that Stein's Aircraft Services LLC is approved to become an Aircraft Fuels and Oil Aeronautical Service Provider in accordance with Waukesha County's Minimum Standards for Aeronautical Service Providers.

BE IT FURTHER ORDAINED that a suspension of land lease payments until January 1, 2021 and Amendment No. 1 to the First Amended and Restated Hangar Land Lease Agreement between Waukesha County and Stein's Aircraft Service LLC are approved.

FISCAL NOTE

APPROVE STEIN'S AIRCRAFT SERVICES LLC AS AN AIRCRAFT FUELS AND OIL  
AERONAUTICAL SERVICE PROVIDER AT WAUKESHA COUNTY AIRPORT AND  
APPROVE AMENDMENT TO HANGAR LEASE AGREEMENT

This ordinance approves a request from Stein Aircraft Services, LLC (SAS) to become an aircraft fuel and oil service provider and amends an existing lease agreement. The amended agreement includes the construction of a new hangar and fuel farm infrastructure as part of a business plan to expand SAS's customer base.

**Analysis of Return on Investment**

In order for SAS to become a fuel provider, they are investing approximately \$500,000 to construct a fuel farm. According to Airport management, the value of the permanent land improvements at the fuel farm (i.e., concrete slab, fencing, and other related equipment) are estimated at \$225,000. The negotiated agreement calls for the Airport to suspend land lease charges to SAS for the fuel farm through December 2020, in recognition of the land improvement investment. This forgone land lease revenue is estimated at approximately \$225,000. The fuel farm will generate additional land lease revenue after 2020 at the CPI annually-adjusted rate from the initial suspended lease charge of \$36,000. The amendment specifies that, upon any termination of the fuel farm land lease, the County will obtain ownership of the permanent land improvements.

The additional airport business activity is expected to generate additional fuel sales revenue. For all fuel sold at the Airport, the County receives \$0.10 per gallon. The Airport manager estimates additional annual fuel sales of about 130,000 gallons per year or \$13,000, initially, with anticipated growth possible due to the new hangar and associated based aircraft.

As mentioned above, the amended agreement will require SAS to construct a new hangar within three years, generating additional land lease revenue (about \$42,000 annually, adjusted each year for CPI). If SAS is unable to complete construction within the three-year timeframe, the amended agreement requires a penalty equal to three-year's land lease payments (about \$111,000).

The hangar construction requires the County to expand an adjacent ramp to accommodate increased operational flow of aircraft and related airport support (approved capital project #201311) at an estimated net cost of \$550,000 (gross costs \$700,000, less anticipated federal contribution of \$150,000).

Overall, the agreement generates an additional \$91,000 of annual land lease/rental and fuel revenue mentioned above (2015 dollars, to be adjusted for CPI each year) after the land lease suspension ends (in 2020), and the hangar is constructed (by 2018). This offsets the \$550,000 ramp expansion and suspended lease payments, resulting in an approximate ten-year payback, discounting to net present value. These additional revenue streams are expected to decrease future reliance on county tax levy as they grow.



\_\_\_\_\_  
Linda G. Witkowski

Budget Manager

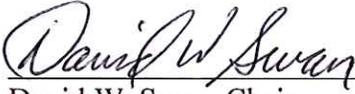
4/9/15

APPROVE STEIN'S AIRCRAFT SERVICES LLC AS AN AIRCRAFT FUELS AND OIL  
 AERONAUTICAL SERVICE PROVIDER AT WAUKESHA COUNTY AIRPORT  
 AND APPROVE AMENDMENT TO HANGAR LEASE AGREEMENT

Presented by:  
 Public Works Committee

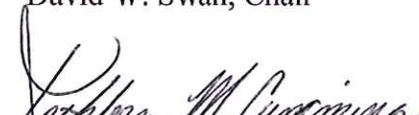
Approved by:  
 Executive Committee

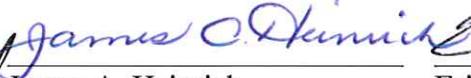
Approved by:  
 Finance Committee

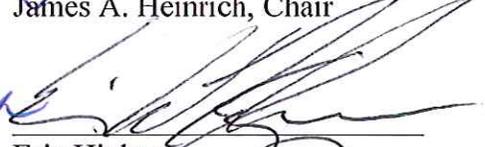
  
 David W. Swan, Chair

  
 Paul L. Decker, Chair

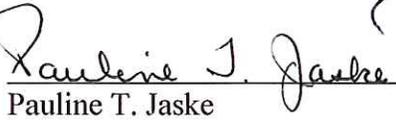
  
 James A. Heinrich, Chair

  
 Kathleen M. Cummings

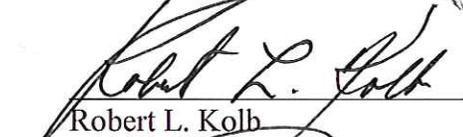
  
 James A. Heinrich

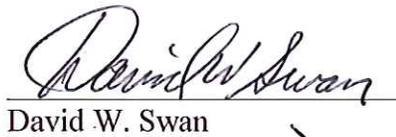
  
 Eric Highum

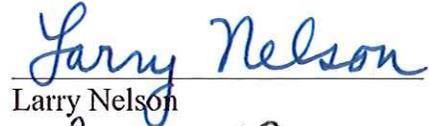
  
 Keith Hammitt

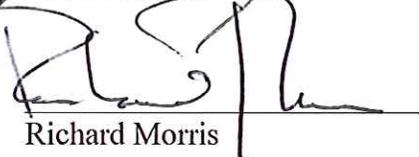
  
 Pauline T. Jaske

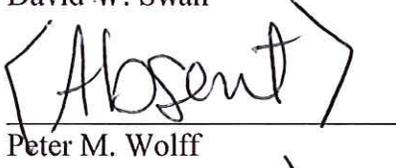
  
 Richard Morris

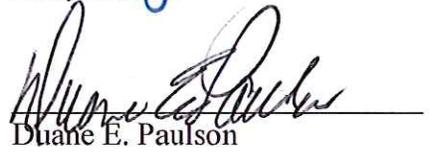
  
 Robert L. Kolb

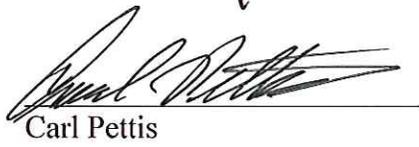
  
 David W. Swan

  
 Larry Nelson

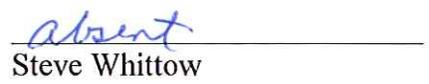
  
 Richard Morris

  
 Peter M. Wolff

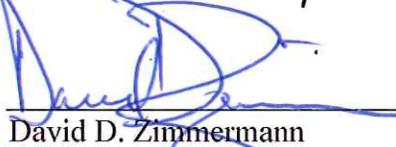
  
 Duane E. Paulson

  
 Carl Pettis

  
 Gilbert W. Yerke

  
 Steve Whittow

  
 Steve Whittow

  
 David D. Zimmermann

  
 William J. Zaborowski

The foregoing legislation adopted by the County Board of Supervisors of Waukesha County, Wisconsin, was presented to the County Executive on:

Date: 4/28/15,   
 Kathleen Novack, County Clerk

The foregoing legislation adopted by the County Board of Supervisors of Waukesha County, Wisconsin, is hereby:

Approved: X  
 Vetoed: \_\_\_\_\_

Date: 5-1-15,   
 Paul Farrow, County Executive

WAUKESHA COUNTY BOARD OF SUPERVISORS

V

DATE - 04/28/15

NUMBER - 1700020

- 1 R. KOLB.....AYE
- 3 R. MORRIS.....AYE
- 5 J. BRANDTJEN.....AYE
- 7 J. GRANT.....AYE
- 9 J. HEINRICH.....AYE
- 11 C. HOWARD.....AYE
- 13 P. DECKER.....AYE
- 15 B. MITCHELL.....AYE
- 17 D. PAULSON.....AYE
- 19 K. CUMMINGS.....AYE
- 21 W. ZABOROWSKI.....AYE
- 23 K. HAMMITT.....AYE
- 25 G. YERKE.....AYE

- 2 D. Zimmermann.....AYE
- 4 J. BATZKO.....
- 6 J. WALZ.....AYE
- 8 E. HIGHUM.....AYE
- 10 D. SWAN.....AYE
- 12 P. WOLFF.....AYE
- 14 C. PETTIS.....AYE
- 16 M. CROWLEY.....AYE
- 18 L. NELSON.....AYE
- 20 T. SCHELLINGER...AYE
- 22 P. JASKE.....AYE
- 24 S. WHITTOW.....AYE

TOTAL AYES-24

TOTAL NAYS-00

CARRIED \_\_\_\_\_

DEFEATED \_\_\_\_\_

UNANIMOUS X

TOTAL VOTES-24