



Snohomish County Council

Committee: Finance
ECAF: 2022-0558
Proposal: Mot. 22-229

Analyst: Jim Martin
Date: May 23, 2022

Consideration:

Authorizing the Executive to execute Amendment No. 4 to Land Lease 17-003 with Propeller Airports Paine Field LLC at the Snohomish County Airport.

Background

Snohomish County entered into Land Lease 17-003 with Propeller Airports Paine Field, LLC in June of 2017, with amendments 1, 2, and 3 being adopted in September, 2018, September 2019, and March 2022 respectively. Due to a dramatic decline in passenger activity beginning in March of 2020, caused by the global health crisis, Propeller is in a unique position with respect to other aeronautical tenants at Paine Field, and as a private sector operator, were not able to receive financial relief from the federal government that was made available to public sector airports.

In June of 2020, the lease agreement called for a rent increase. Propeller initiated rent arbitration under the lease, and accepts the County's determination of the fair market rent, which shall be stepped in over three years, and which results in a net refund of \$303,282.60 as of June 1, 2022. In addition, as a result of unique and non-recurring financial hardship experienced by Propeller because of the pandemic and the pandemic's impact on commercial air service, the lease payments for the remainder of 2022 will be lowered by \$71,428.57 (\$500,000 total). The new lease payment will be \$72,486, reduced by \$71,428.57 per month for a net total of \$1,058.06, plus fees.

Current Proposal

This motion authorizes the County Executive to execute Lease Amendment No. 4 with Propeller Airports Paine Field, LLC.

Duration: N/A

Fiscal Implications: Revenue reduction of \$500,000

2022 Budget: No

Future Budget Impacts: N/A

Handling: Urgent

Approved-as-to-form: Yes.

Risk Management: Yes.

Executive Recommendation: APPROVE.

Attachments: See ECAF packet.

Amendments: NONE.

Request: Move to Council for consideration.