LAND USE EVALUATION

NEVADA COUNTY AIRPORT

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Background

General Aviation airports are intended to be self-sustaining to ensure their financial stability and longevity by creating enough revenue to cover costs.

- **Aeronautical revenue** - landing fees, aircraft parking / storage fees and fuel sales.
- **Non-aeronautical revenue** - land rent, office space, parking fees, concessions from restaurants.

The Nevada County Airport like most general aviation airports are struggling to be self-sustaining. We contracted with Ascension Group Partners to help inform actions that support sustainability long-term through strategic land-use decisions.

Nevada County Airport Land Use Plan

Unlevered IRR	20	25	30	35	40	45	50
$0.25	-3%	0%	2%	3%	3%	4%	4%
$0.50	4%	6%	7%	8%	8%	8%	8%
$0.75	9%	10%	11%	11%	12%	12%	12%
$1.00	13%	14%	14%	15%	15%	15%	15%
$1.25	17%	18%	18%	18%	18%	18%	18%
$1.50	20%	21%	21%	21%	21%	21%	21%

Levered IRR	20	25	30	35	40	45	50
$0.25	-9%	-5%	-3%	-1%	0%	1%	1%
$0.50	-3%	1%	2%	3%	4%	5%	5%
$0.75	2%	5%	6%	7%	8%	8%	8%
$1.00	6%	8%	9%	10%	11%	11%	11%
$1.25	10%	12%	12%	13%	14%	14%	14%
$1.50	13%	15%	15%	16%	16%	17%	17%

Ground $ to KGOO	20	25	30	35	40	45	50
$0.25	$1.4 M	$1.9 M	$2.4 M	$3.0 M	$3.7 M	$4.4 M	$5.3 M
$0.50	$2.8 M	$3.7 M	$4.8 M	$6.0 M	$7.3 M	$8.9 M	$10.6 M
$0.75	$4.2 M	$5.6 M	$7.2 M	$9.0 M	$11.0 M	$13.3 M	$15.9 M
$1.00	$5.6 M	$7.4 M	$9.6 M	$12.0 M	$14.7 M	$17.8 M	$21.2 M
$1.25	$7.0 M	$9.3 M	$12.0 M	$15.0 M	$18.4 M	$22.2 M	$26.5 M
$1.50	$8.3 M	$11.2 M	$14.3 M	$17.9 M	$22.0 M	$26.6 M	$31.8 M

- Six sites at KGOO were evaluated by InterVISTAS.
- C&S Engineer provided rough order of magnitude (ROM) estimates for site preparation.
- AGP analyzed the levered and unlevered Internal Rate of Return (IRR) for improved and unimproved sites.
  - Terms ranging from 20 years to 50 years
  - Annual ground rent to the Airport ranging from $0.25 to $1.50 / square foot.
  - Assumptions include financing 80% at 4.0% interest over 50% of lease term
  - Revenue escalating 2.5% annually.

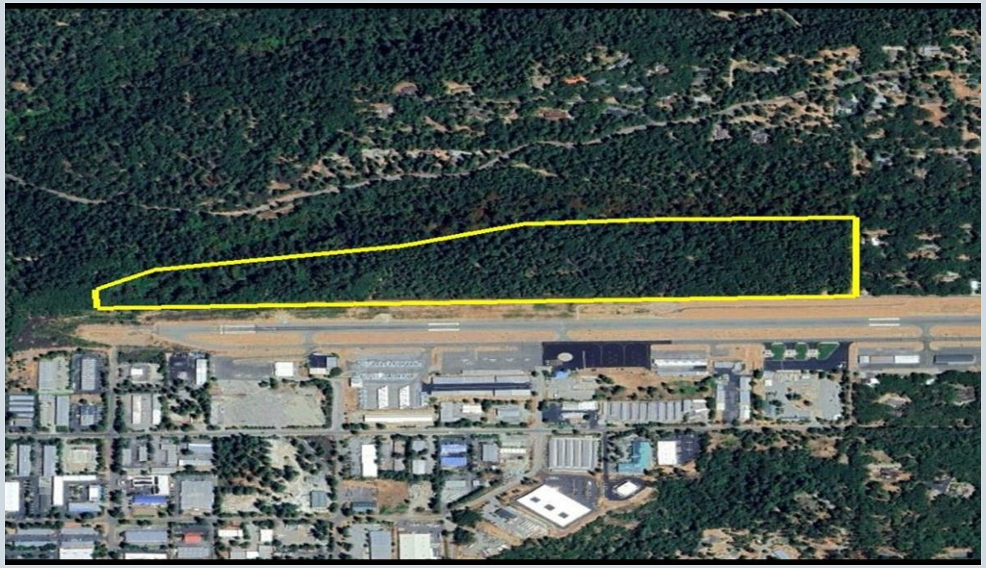
Study Purpose and Limitations

This report only provides recommendations based on available data and informed assumptions to prioritize airport development.

Sites were prioritized on the ability to generate cash flow in Year 1 and a reasonable IRR over the project term.

- A longer term may generate more total revenue but doesn’t necessarily equate to a better investment.
- An IRR of 7% is typically the minimum to make a development financially feasible for private investment with opportunities becoming attractive above 12%.
- Levered development is preferred as it allows the Airport to concurrently pursue multiple projects with revenue potential.

Before expending any County/Airport funds on site preparation design and construction, it is recommended that a public engagement process precede any request for proposals to determine the level of interest by third parties to lease and develop the site.



Sites 1 & 3 - Vacant Lots (Privately owned)

- 1.26 acres; adjacent to airport.
- 45 acres; 12 acres are developable. Potential Helicopter Fire base.
- Limited development possibilities. Buffer value.
- Recommend acquisition.

Sites 4 & 6 (County Owned)

- Site 4 is topographically challenged and cost prohibitive for aeronautical build. Recommend non-aeronautical use (light industrial /office/storage).
- Site 6 is approximately 14 acres in the departure / approach path. Limited non-aeronautical development potential.
- Recommend release RFI.

Site 2 — Hangar Development (County)

- ~10.7 acres total; ~4.5 acres of readily developable former Public Works area.
- Excellent road + potential taxi access (coordinate/renegotiate FBO lease line).
- Outside airspace limits; utilities present; minimal grading needed.
- Strong fit for hangars (FBO/corporate/T-hangars); third-party RFP recommended.
- $40k site + $230k demo to make pad ready; Year 1 cash flow ~$49k (@$0.25/sf, 20-yr, ~13% IRR). County funded 87k sf of hangars ($11.2M), returns up to ~29% IRR (@$1.50/sf, 50-yr) with cash-flow positive by ~Year 10 at lower rents.

Site 5 — Air Attack Base (USFS; CAL FIRE tenant)

- 7.27 acres, fully developed; direct Taxiway A access; utilities in place.
- Agencies intend to remain/expand (pair with Site 3 helipads is potential opportunity).
- No prep needed to continue use; minor north-end clearing optional; major rebuild not recommended.
- Strong near-term cash flow with existing leases; supports mission growth.
- $2.4M acquisition, cash-flow positive at ~$0.25/sf (40-yr); up to ~$365k Year 1 at $1.50/sf (50-yr), ~18% IRR; wholesale redevelopment adds ~$3.4M in site work and caps at ~7% IRR.

Site	Use	Current Ownership	Site Preparation Cost*	Recommended Action	Priority Rank
5	Air Attack Base	US Forest Service	$6,600	Initiate site preparation design following acquisition	Highest
2	Hangar Development	Nevada County	$40,000	Prepare and release RFP	Highest
4	Hangar / Non-Aeronautical Development	Nevada County	$2,000,000	Initiate site preparation design	High
3	Potential USFS / CalFire Helicopter Pads	Private	$20,222,000	Site preparation not recommended at this time	Low
6	Non-Aeronautical	Nevada County	$1,786,000	Release RFP	Low
1	Vacant Lot / Protected Area / Airport Support	Private	$0	Initiate site preparation design following acquisition	Low

Site Recommendations

Site	Current Ownership	Recommended Land Use	Recommended Action	Priority Rank
5	US Forest Service	Aeronautical and non-aeronautical	Acquire land and maintain existing leases	Highest (1)
3	Private	Aeronautical	Acquire only	High (2)
1	Private	Aeronautical	Acquire land and release RFP	High (3)

Recommended Land Acquisition Priorities

Conclusion

1. The low risk of acquiring Site 5 with an existing government tenant with opportunity to leaseback the current facilities with no additional improvements makes it the top acquisition priority.
2. Site 2 requires no acquisition, a modest cost to prepare aeronautical development, and provides a high IRR.
3. Site 4 is desirable for development but presents significant topographical challenges.
4. Site 3 has potential for development if the property can be acquired and cleared at a favorable cost and increases in priority if the USFS is interested in leasing the site.
5. Site 6 presents a conditional opportunity assuming there is interest in developing a compatible, third-party use.
6. Site 1 has limited private development potential outside of protected areas but could be used by the Airport.

Staff Recommendations for Next Steps

1. Draft and release a Request For Information (RFI) for Lot 6 to receive initial proposals to develop this property for both aeronautical and non-aeronautical uses.

2. Investigate opportunities for resource availability to acquire privately owned hangars and real property as they become available as recommended in the evaluation and return to the Board of Supervisors with specific opportunities.

THANK YOU

QUESTIONS?

NEVADA COUNTY CALIFORNIA

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