



## **King County**

### **Facilities Management Division**

**Anthony Wright, Division Director**

Department of Executive Services

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April 7, 2017

The Honorable Dow Constantine  
King County Executive  
401 5th Ave, Suite 800  
Seattle, WA 98104

Dear Executive Constantine,

The purpose of this letter is to inform you that King County has entered into direct negotiations for a long-term lease with Kenmore Aero Services, LLC ("Kenmore Aero"), a Washington, LLC, at King County International Airport ("KCIA"). If you disagree with this approach, you may direct the Facilities Management Division, to offer this lease for competitive bidding.

In September 2016, the County invited Five (5) interested parties into a multi-lateral dialogue about the Alpha 10 site and a potential development opportunity. Their responses were compared with our vision for an operator:

- Serving piston and jet powered aircraft with equal attention
- Attracting destination travel by air and producing local aviation events
- Reaching out to the community to share the adventure of flight and sharing the rewarding prospects for a career in aviation and aerospace
- Using available space at the airport to creatively to maximize value and operations

Kenmore Aero was the most aligned with our vision, and we have started discussion to pursue a long-term lease and development agreement.

Kenmore Aero is a company for recreational and corporate jet travelers providing fueling, maintenance, offices, ground transportation, and pilot training. They have been operating on Boeing Field for the past 11 months under two agreements: they purchased the remaining term of the BFI Holdings LLC (dba Aeroflight) lease (expiring June 2017), and another premises is rented from the County on a month-to-month agreement for the same purpose.

King County Code Section 4.56.160 (B) allows King County to directly negotiate leases if the Director of Facilities Management Division determines it is advantageous to the county to negotiate without bidding. I do consider it advantageous to directly negotiate this lease for the following reasons listed below.

1. Kenmore Aero plans to demolish all buildings on the property in phases and build approx. 44,000 square feet of FBO terminal space and hangars. They will improve the existing ramps providing flexibility in storing aircraft of different types and expand the

boundaries increasing light GA aircraft parking. This expansion on the airfield will maximize the utility of this part of the airport, and will contribute to increased land rent, landing fees, and fuel flowage fees that are generated by increased activity. This compares favorably against operating revenue produced by a private corporate hangar tenant.

Kenmore Aero is the newest member of a family of companies operating continuously in the Pacific Northwest since 1946 and is suited to serve the diverse user constituencies of KCIA. Kenmore Aero caters to a broad spectrum of customers, but its service to light General Aviation (GA) differentiates the company from other operators at KCIA. Kenmore Aero's proposal states that service and handling of small aircraft will be central to the company's purpose and operations. The proposal includes dedicated ramp space for light, single engine GA aircraft.

2. Given the requested length of lease (35 years), KCC 4.56.180 (A.2) requires Kenmore Aero to invest in a development that meets or exceeds the value of the ground being leased. In this case, that amount—based on the updated appraised value is \$11.8 million. The improvements being proposed by Kenmore Aero have an estimated value of \$14.8 million. This commitment is 125% of what is required to satisfy the financial investment requirements by KCC to justify a lease length of over 10 years.
3. A lease requirement for performance for fixed based operations focused on maintaining and growing the light GA community at King County International Airport.
4. Additionally, Kenmore Aero is willing to assume greater obligations and expense than would be expected from a proposal in response to an RFP process. Specifically, Kenmore Aero will accept the site "as-is" including unknown environmental contamination and will be responsible for remediation costs associated with clean-up during development. They are assuming the cost of demolition of the existing obsolete buildings and unsuitable aircraft parking ramps. Kenmore Aero is also committing to paying full rent during their permitting and construction period.
5. Kenmore Aero has already made a substantial commitment to the King County light general aviation community and is committed to both continue and expand that commitment. Recent examples include the following:

\* **Raisbeck Aviation High School**. Cultivated a relationship with an outstanding STEM-oriented school. In addition to an unrestricted \$10,000 gift, Kenmore Aero plans to construct a lounge area at the FBO that will be a study and gathering area for students who are at the FBO for employment purposes and to participate in building aircraft.

\* **Youth in Aviation Northwest** This program was formed by a Kenmore Airline pilot who teaches at Garden Ridge High School in Puyallup. Kenmore Aero underwrote their startup legal expense having to do with their 501(c)3 and bought a kit aircraft assembly for them to start teaching students with in the classroom at Garden Ridge High. Kenmore Aero also chipped in towards the purchase of a Cessna 172 aircraft that is being used for youth flight instruction. They anticipate that all mission-oriented gifting will occur in King County if a lease is perfected.

The Honorable Dow Constantine

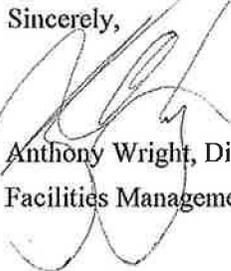
March 31, 2017

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\* ***Outreach Parties.*** Kenmore Aero reports that it has hosted hundreds of light aircraft enthusiasts for aircraft static displays, a chili cookoff, safety briefings, and a charitable auction of items supplied by the FBO to benefit Raisbeck Aviation High School beyond the cash gift cited above. An "Open House" format at these events emphasizes families and making the airport and light general aviation welcoming and accessible to those with interest.

If after negotiations, I determine that it is no longer advantageous to the County, I will terminate direct negotiations. FMD may then offer the business opportunity to a remaining FBO in the multi-lateral dialogue on equivalent terms (with a new letter requested approval of direct negotiations), or open the process up to a Request for Proposal (RFP). If you have any questions regarding this proposal, please call me at 206-263-1320.

Sincerely,



Anthony Wright, Director  
Facilities Management Division

cc: Caroline Whalen, County Administrative Office, and Director, Department of Executive Services (DES)  
Elissa Benson, Deputy Director, Facilities Management Division (FMD), DES  
Brian Hague, Manager, Real Estate Services Section (RES), FMD, DES  
Tom Paine, Acting Leasing Supervisor, RES  
Harold Taniguchi, Director, Department of Transportation (DOT)  
Randall Berg, A.A.E., Director, King County International Airport (KCIA)

DECISION

\_\_\_\_\_ Approved  
\_\_\_\_\_ Disapproved – Conduct process for competitive bidding  
\_\_\_\_\_ See me