

TO: James L. App, City Manager
FROM: Meg Williamson, Assistant to the City Manager
SUBJECT: Sub-Lease Approval – Kern Charter, Inc. & North American Jet Charter
DATE: August 2, 2005

NEEDS: For the City Council to adopt Resolution No. 05-xx authorizing a sublease agreement between North American Jet Charter, Inc. (NAJC) and Kern Charter, Inc. for aviation services at the Municipal Airport.

- FACTS:**
1. The City entered into a long-term lease agreement with North American Jet Charter, Inc. for aviation services facilities on the Airport on September 8, 2000.
 2. The lease remains in full force and effect, and in compliance with the terms and conditions contained therein.
 3. Section 15.1 of the lease agreement requires City approval for any sublease agreements entered into by the lessee, NAJC.
 4. The attached letter of intent from NAJC provides summary information regarding their desire to lease 588 square feet of office space to accommodate Kern Charter, Inc.'s flight instruction business within their jet center on Wing Way.
 5. Kern Charter, Inc. has indicated their intent to expand their Bakersfield based company to bring flight instruction and rental service to Paso Robles. Their proposal includes the provision of two based light wing aircraft (Cessna 172's) and employment of one full-time flight instructor. (See attached letter dated March 3, 2005).

**ANALYSIS
AND**

CONCLUSION: The proposed agreement is allowable under the existing City lease with NAJC. The sublease proposal will make additional services - flight instruction and aircraft rental – available to the public. The proposed operation is consistent with adopted Airport Rules & Regulations and will meet the Minimum Standards for Aeronautical Activities, which were both recently adopted.

The City Council's authorization to approve the sublease agreement will enable NAJC to finalize their sublease contract with Kern Charter, Inc. subject to final content approval by the City Attorney.

POLICY

REFERENCE: Airport Lease Agreement; Airport Rules & Regulations; Airport Minimum Standards for Aeronautical Activities.

FISCAL

IMPACT: None.

- OPTIONS:**
- a. Adopt Resolution No. 05-xx authorizing North American Jet Charter to enter into a sublease agreement with Kern Charter, Inc. in a manner to be approved by the City Attorney.
 - b. Amend, modify or reject the above option(s).

Attachments:

- 1) Resolution 05-XX authorizing sublease
- 2) North American Jet Charter – July 25, 2005 letter of intent to Sublease
- 3) Kern Charter, Inc. March 3, 2005 letter of business intent



Charter Inc.

July 25, 2005

Mr. Jim App
City Manager
The City of Paso Robles
1000 Spring Street
Paso Robles, CA 93446

Dear Mr. App:

North American Jet Charter, Inc. requests the approval of The City of Paso Robles to enter into a sublease agreement regarding a portion of the office and hanger space located at 4990 Wing Way, and also a portion of the office space located at 3115 Taxi Way in Paso Robles.

Enclosed are two proposed letters of intent from North American Jet Charter, Inc. to lease office and hanger space to Sierra West Avionics, Inc. for their avionics installation and repair service business and to also lease office space to Kern Charter Services, Inc. for their flight instruction business. We believe these business services will greatly benefit the Paso Robles Municipal Airport.

Enclosed is detailed information regarding the services to be provided by both Sierra West Avionic, Inc. and Kern Charter Services, Inc. These proposed business services at the Paso Robles Airport are subject to the approval of the sublease agreement by the City of Paso Robles.

Please review these proposed letter of intents enclosed. We request your consideration to approve these agreements as noted in Section 15.1 Assignment and Subleases of the Airport Lease Agreement dated September 8, 2000 and in Section 15.1 Assignment and Subleases of the Aeronautical Services Lease Agreement dated September 8, 2000. Upon your approval, we will proceed with a 24-month lease agreement with Sierra West Avionics, Inc. and Kern Charter Services, Inc.

We look forward to your response.

David B. Weyrich
Chief Executive Officer

Enclosures: Letter of Intent (two pages)
Promotional materials (seven pages)

Letter of Intent
to
Kern Charter Service, Inc.
from
North American Jet Charter, Inc. dba Paso Robles Jet Center

It is the intent of Paso Robles Jet Center to lease 588 square feet of office space located at 3115 Taxi Way in Paso Robles to Kern Charter Service, Inc. Both Paso Robles Jet Center and Kern Charter Services, Inc. understand this proposed lease agreement is subject to the approval of The City of Paso Robles in reference to the lease agreement between North American Jet Charter and The City of Paso Robles dated September 8, 2000.

PROPOSED TERMS

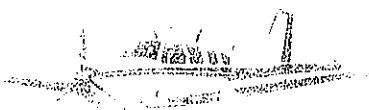
- It is the intent of Paso Robles Jet Charter to enter a month-to-month lease agreement for a period of 24 months with a start date of August 1, 2005, or soon thereafter upon approval of The City of Paso Robles.
- It is the intent of Paso Robles Jet Charter to offer Kern Charter Service, Inc. 588 square feet of office and hanger space at a rental rate of \$294 per month. This monthly rental rate will be increased 12.5% every six months, to a maximum of \$441 per month. The monthly lease payment is due on the first day of each month with a one (1) month deposit due prior to the start of the lease. Kern Charter Service, Inc. is also required to reimburse Paso Robles Jet Charter monthly for their portion of utilities consumed, which should be no more than \$100 per month.
- Kern Charter Service, Inc. will conduct a flight instruction and related services business at the above referenced location.
- It is the intent of Paso Robles Jet Charter to require Kern Charter Service, Inc. to procure and maintain a comprehensive public liability insurance policy naming The City of Paso Robles and Paso Robles Jet Charter as additionally insured and indemnified against liability for damage or injury.

Kern Charter Service, Inc.

Signature Title Date

Paso Robles Jet Charter

Signature Title Date



Kern Charter Service, Inc.

661-834-6870 • FAX 661-834-6882 • 410 East Planz Road • Bakersfield, CA 93307

March, 3, 2005

Paso Robles Jet Center
3115 Taxi Way D
Paso Robles, Ca. 93446

To Whom It May Concern:

Kern Charter Service, Inc. is an established Flight Training operation located in Bakersfield, California. Our company has offered flight training, aircraft rental and maintenance to aviation enthusiasts for over ten years. In 2002 our company joined forces with Cessna and became a Cessna Pilot Center. To date we offer four Cessna 172's for instruction and rental, employ five flight instructors, one of which is an FAA examiner and provide our community not only the best flight school, but the largest.

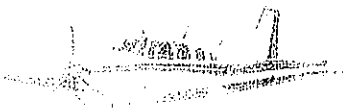
In addition to flight training, our company offers two additional aviation services. KCSI Aerial Patrol, Inc. provides aerial surveillance for major oil companies throughout California. Established in the early 90's, this portion of our business continues to grow. Currently our pilots patrol over ten thousand miles of lines. The third service offered is aircraft charter and management. Redhawk Aviation, Inc. provides the finest service for small business and leisure charters. Our fleet currently consists of one Bonanza A36 and a Beechcraft Barron.

Our focus for Kern Charter Service is to develop into new markets. We would like the opportunity to provide Paso Robles Airport with quality flight school. Our goal is to lease office space and tie down space from Paso Robles Jet Center. We will begin by placing two Cessna 172's for instruction and rental and employing one full-time flight instructor. When demand for additional aircraft and employees becomes present, our company can and will grow with the demand.

Please find enclosed photos of our current aircraft and operation. We look forward to working with your company and opening a quality flight school to your airport. If you have any questions, please feel free to contact my office anytime. Again, we look forward to this journey.

Sincerely,

Shane E Ellis
Kern Charter Service, Inc.



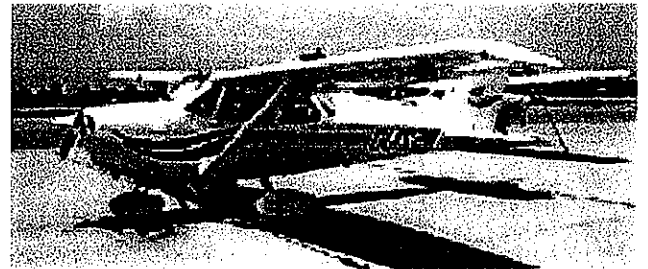
Kern Charter Service, Inc.

661-834-6870 • FAX 661-834-6882 • 410 East Planz Road • Bakersfield, CA 93307

Kern Charter Service, Inc. prides itself in offering only the best flight instruction and rental aircraft available. Pictured below are the four Cessna 172's we currently offer to our clients.



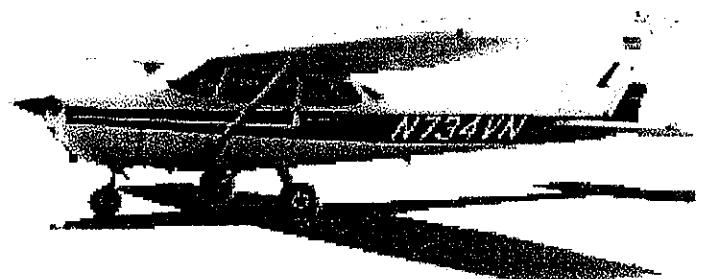
2002 Cessna 172 SP



1999 Cessna 172 SP



1997 Cessna 172 R



1977 Cessna 172 R

Dear Future Pilot:

Thank you for inquiring about our private pilot courses at Kern Charter Services, Paso Robles. Within this brochure, you will find information regarding:

- Requirements to become a certified pilot
- A break down of the estimated costs
- An included certificate for an introductory flight at the discounted price of \$50.00

We look forward to hearing from you.

Please call or stop by our office at any time to schedule an appointment with one of our instructors.

Thank you again for your interest.
Sincerely,

Shane Ellis, General Manager
Kern Charter Service, Inc.

Pricing

Hourly Rates:

Instruction	\$35/hour
Cessna 172	\$85/hour*
Instructor and Aircraft	\$120/hour**

Estimated Costs Private Pilot License:

25 hours ground instruction	\$875
10 hours solo flight time	\$850
40 hours dual instruction**	\$4800
Medical exam cost***	\$80
FAA written exam cost***	\$90
FAA flight test cost***	\$300
Estimated total cost	\$6995

Do you want to earn your instrument rating?

We provide instrument instruction, too!

Also, ask about our student referral discounts and our training block rate discounts!

- * The aircraft rate may be as low as \$80/hour up to \$100/hour, depending on the Cessna 172 you choose to train in.
- ** The FAA requires a minimum of 40 hours total training time. The majority of people require more than this. The number of hours varies from person to person depending on a number of factors such as pilot skill and training schedules. Our estimate here includes 50 hours total flight training time.
- *** These costs vary depending on the price set by the examiner or testing facility.

Kern Charter Service
Paso Robles

Located at

3115 Taxi Way D
Paso Robles, CA 93446

Give Your Dreams Wings,



Learn To Fly!

www.kerncharterinc.com

Phone: 805-238-6663

Fax: 661-834-6882

You are now entering a



Kern Charter Service, Inc.

Kern Charter Service, Inc. (KCSI) is located at Paso Robles Airport, in Paso Robles, C.A. We provide a fleet of well maintained airplanes that are appropriately equipped to train students for all certificates and/or ratings (excluding multi-engine).

We are a local Cessna Pilot Center (CPC) as well as a state-of-the-art training facility, incorporating the only integrated flight-training system available. We have a clean, quiet study area and classrooms, and new aircraft awaiting you. All of our flight instructors are J.A.A certified and are experienced in training students to the highest level of proficiency and skill that is required to compete successfully in the aviation market.

Becoming a Certified Pilot

You'll extend your horizons, find new challenges, and add a whole lot of fun to your life, and possibly make some new friends along the way.

We're sure we can help you earn your wings. Your training is comprised of two parts:

- ✓ Flight Training
 - ✓ Ground Training
- You can start at any age, however to solo you must be 16 years old, and 17 to get a pilot certificate. The only additional requirements are to pass an J.A.A written exam and obtain and hold a current medical certificate. All you need is some dedication and a handful of pilot tools. KCSI will take care of the rest. You can earn your certificate in as little as a few months - flying between 40 and 70 hours in the process, about half of which will be solo. However, completion time varies by individual, therefore we recommend that you fly at least twice a week. You can build your own schedule and lessons can be paid for as you progress and move along.

Ground and Flight Training

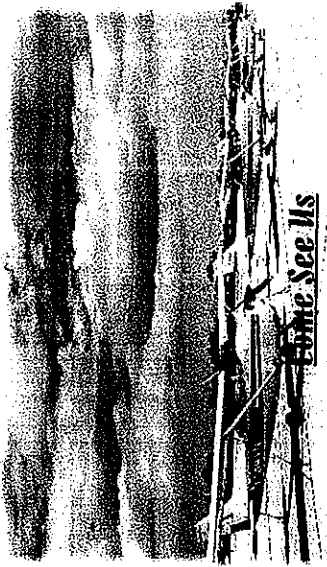
During your ground school, you'll learn "book knowledge" needed to become a proficient pilot. You have several options for ground training, but your goal is to successfully complete your aviation written test and be a good pilot.

Flight training takes place in the aircraft. You'll learn the skills and gain experience to safely operate an airplane on your own and to pass your check-ride. Learning to fly is cheaper than you think! You can start flying for as little as \$100. The intro flight certificate included in this packet will get your journey of becoming a pilot started.

So why not get started?

Our Fleet

Kern Charter Service currently provides Cessna 172 aircraft for flight instruction as well as personal rentals.



Come See Us

KCSI prides itself in providing only quality training to all of our students. We currently have five Certified Flight Instructors available for your needs. Please stop by or call our office so we can schedule your first appointment or answer any questions you may have. Remember that training can be scheduled to accommodate your needs. We look forward to hearing from you.

Introductory Flight

Kern Charter Service Paso Robles
3115 Taxi Way D
Paso Robles, C.A. 93446

Let Your Dreams Take Flight Today!
\$50.00 Value



When You Get a Pilot
Call 805-260-4111 for info



RESOLUTION NO. 05-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
AUTHORIZING NORTH AMERICAN JET CHARTER, INC. TO ENTER INTO A SUBLEASE
AGREEMENT WITH KERN CHARTER, INC.

WHEREAS, on September 8, 2000, the City entered into a long-term property lease on Parcels 23 & 24 in the Airport Industrial Park with North American Jet Charter, Inc.; and

WHEREAS, Section 15.1 of the lease agreement allows Lessee to enter in to sublease agreements with prior written consent of the City, such consent to not be unreasonably withheld; and

WHEREAS, the Lessee, has submitted request to the City for such approval via a letter of intent dated July 25, 2005.

THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1

That the City Council of the City of Paso Robles does hereby authorize North American Jet Charter Inc. to enter into a Sublease Agreement with Kern Charter, Inc. as outlined in the July 25, 2005 letter of intent and subject to adherence to the City's standard Sublease Agreement (with agreement format modification only with prior approval by City Attorney).

SECTION 2

That the City Council of the City of Paso Robles does hereby authorize the City Manager to execute any documentation associated thereto on behalf of the City.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 2nd day of August 2005 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk