

PALOMAR AIRPORT ADVISORY COMMITTEE  
Thursday, May 17, 2012  
AGENDA ITEM #5

BVP ASSOCIATES, LLC  
THIRD AMENDMENT TO AVIATION LEASE  
NEGOTIATED RENTAL ADJUSTMENT

**BACKGROUND**

On June 13, 2007, the Board of Supervisors approved a forty-year aviation lease with BVP Associates, LLC at McClellan-Palomar Airport. The lease replaced BVP's previous leasehold, dividing the area with Civic Helicopter because Civic's previous leasehold was needed for the terminal project. The lease was amended in June 2009 to amend the capital improvement requirement and in March 2010 to provide rent abatement during the Palomar Airport runway improvement project. BVP Associates operates successful aircraft storage and fueling business at the airport. The lease is 1.37 acres improved with a fuel facility and a 9,752 sq ft hangar.

**PROPOSED AMENDMENTS**

As is standard for County Airports' leases, these leases provide for a negotiated rental adjustment every five years based on appraisal. County Airports has worked with BVP in negotiating the following rental increase for the leasehold to be effective on August 1, 2012. The adjustment is based on rental rates recommended by independent appraisal as recommended by PAAC in April 2011 and approved by the Board in June 2011, trended forward as indicated by the consumer price index. It is identical as the proposed rental rate for Civic Helicopters recommended by PAAC in April.

Third Amendment to Aviation Lease (County Contract No. 121934)

The proposed First Amendment to this Lease will amend the rental section to reflect the negotiated market rent of \$2,276 per acre per month (non-landfill impacted ground lease rate). BVP Associates currently pays \$2,959 per month in base rent for this Lease. Approval of the proposed amendment will raise the base monthly rent to \$3,119 effective August 1, 2012, an increase of \$160 or 5.4%. The base monthly rent will be subject to annual cost of living adjustments and rent renegotiation in five years.

The amendment will update the capital improvement requirements to give BVP Associates and additional two years to complete plans for improvement/replacement of its existing hangar. It will also address access between BVP and the adjacent leasehold, Civic Helicopters.

Recommended Motion

*"Palomar Airport Advisory Committee recommends that the Board of Supervisors approve the Third Amendment to Aviation Lease between the County of San Diego and BVP Associates, LLC (County Contract Number 121934)"*