

PALOMAR AIRPORT ADVISORY COMMITTEE

Thursday, February 18, 2016

AGENDA ITEM #4

LEASE AMENDMENTS FOR PALOMAR AIRPORT CENTER LLC DBA ATLANTIC AVIATION-CRQ, LEASES 2 AND 3 NEGOTIATED RENTAL ADJUSTMENT

BACKGROUND

On December 11, 2002 (13), the County Board of Supervisors approved thirty-year aviation leases with Palomar Airport Center LLC dba Premier Jet, for 6.06 acres (Lease 2) and 3.09 acres (Lease 3), at McClellan-Palomar Airport. These leases were subsequently amended to a total term of 42 years, and Palomar Airport Center LLC was sold, in December 2015, and currently operates as Atlantic Aviation-CRQ ("Atlantic"). Atlantic is a full-service Fixed Base Operator with five separate leaseholds at the Airport. Leases 2 and 3 are located in a non-landfill impacted areas. Lease 2 is improved with the FBO's Hangar and Office Buildings and main ramp area, while Lease 3 is primarily used for aircraft and auto mobile parking. The leases have been previously amended on several occasions , including the last negotiated rent adjustment in 2011.

PROPOSED AMENDMENTS

As is standard for County Airports' leases, these leases provide for a negotiated rental adjustment every five years. County Airports has worked with Atlantic in negotiating the following rental increases for these leaseholds to be effective on June 11, 2016. The rate is consistent with the rate other lessees are paying at the airport.

Lease 2 - Seventh Amendment to Aviation Lease (County Contract No. 75628R)

The proposed Seventh Amendment to this Lease will amend the rental section to reflect the negotiated market rent of \$2,450 per acre per month (non-landfill impacted rate). Atlantic currently pays \$14,309.93 per month in base rent for this Lease. Approval of the proposed amendment will raise the base monthly rent to \$14,847.00.

Lease 3 - Sixth Amendment to Aviation Lease (County Contract No. 75629R)

The proposed Sixth Amendment to this Lease will amend the rental section to reflect the current negotiated market rent of \$2,450 per acre per month (non-landfill impacted rate). Atlantic currently pays \$7,296.65 per month in base rent for this Lease. Approval of the proposed amendment will raise the base monthly rent to \$7,570.00.

The base monthly rents will continue to be subject to annual cost of living adjustments and both amendments will set the next rent renegotiation in seven years so they will take place the same year as Atlantic's other three leases. Both amendments will also revise contact and address information for both parties and update certain lease language for clarity.

Recommended Motion

"Palomar Airport Advisory Committee recommends that the Board of Supervisors approve the Seventh Amendment to Aviation Lease between the County of San Diego and Palomar Airport Center, LLC (County Contract Number 75628R) and the Sixth Amendment to Aviation Lease between County of San Diego and Palomar Airport Center, LLC (County Contract Number 75629R)."