

**PALOMAR AIRPORT ADVISORY COMMITTEE**  
Thursday, February 16, 2017  
AGENDA ITEM #7

**ROYAL JET, INC.**  
**FOURTH AMENDMENT TO AVIATION LEASE**  
**NEGOTIATED RENTAL ADJUSTMENT**

**BACKGROUND**

On June 13, 2007 (5), the Board of Supervisors approved a forty-year aviation lease with BVP Associates, LLC at McClellan-Palomar Airport, the lease has since sold to Royal Jet, Inc in December 2013. 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. Royal Jet operates an 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' aviation leases, this lease provides for a negotiated rental adjustment every five years. County Airports has worked with Royal Jet in negotiating the following rental increase for this leasehold to be effective on August 1, 2017. The rate is consistent with the rate other lessees are paying at the airport.

**Fourth Amendment to Aviation Lease (County Contract No. 121934)**

The proposed Fourth Amendment to this Lease will amend the rental section to reflect the negotiated market rent of \$2,525 per acre per month (non-landfill impacted ground lease rate). Royal Jet currently pays \$3,284 per month in base rent for this Lease. Approval of the proposed amendment will raise the base monthly rent to \$3,460 effective August 1, 2017.

The base monthly rent will continue to be subject to annual cost of living adjustments and rent renegotiation every five years. County and Royal Jet have also agreed to update several sections of the lease, including Transfer Premium and Appraisal Process. The amendment also clarifies the types of notices Lessee may receive, of which they then should supply copies to the County. The stormwater language will also include more recent and updated information. A section has been added in the event that Royal Jet wants to use User Fee Customs Service that states that fees need to be collected as set forth in the Schedule of Rates and Charges and Use Control Policy for County of San Diego Airports. The amendment provides Royal Jet one additional year to complete its planned improvement project on its existing hangar. This amendment will also revise contact and address information for both parties.

**Recommended Motion**

*"Palomar Airport Advisory Committee recommends that the Board of Supervisors approve the Fourth Amendment to Aviation Lease between the County of San Diego and Royal Jet, Inc. (County Contract Number 121934)"*

# ROYAL JET, INC. Amendment to Aviation Lease Negotiated Rental Adjustment



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## Royal Jet, Inc.

- Background
  - June 2007 - BOS approved a 40-year aviation lease
  - December 2013 BVP Associates sold to Royal Jet
  - 1.37 acres with a 9,752 sq ft hangar and a fuel facility

## Royal Jet, Inc.



## Proposed Amendment

- Adjusts rent effective August 1, 2017
- Current Rent - \$3,284 per month
- New Rent - \$3,460 per month
- Allows additional time for Royal Jet to complete Capital Improvements

## Proposed Motion

- *Palomar Airport Advisory Committee recommends that the Board of Supervisors approve the Fourth Amendment to Aviation Lease between the County of San Diego and Royal Jet, Inc. (County Contract Number 121934)*