

PALOMAR AIRPORT ADVISORY COMMITTEE
Thursday, February 16, 2017
AGENDA ITEM #8

CIVIC HELICOPTERS, INC. (LEASES 1 AND 2)
AMENDMENTS TO AVIATION LEASES
NEGOTIATED RENTAL ADJUSTMENT

BACKGROUND

On June 13, 2007 (5), the County Board of Supervisors approved two forty-year aviation leases with Civic Helicopters, Inc. (Civic) at McClellan-Palomar Airport. The leases replaced Civic's previous leased area, which was needed for the terminal project. Civic Helicopters has operated a successful aviation business at the airport for many years. Lease 1 is 1.14 acres improved with a 10,000 sq ft hangar and 9,600 sq. ft. office facility. Lease 2 is .26 acres of improved property with pavement installed by County and used for helicopter parking adjacent to the FAA and State approved helipad. The leases have been previously amended, including the last negotiated rent adjustment in 2012 and the adjustment of the premises for lease 2. Lease 2 had the California Department of Transportation's Division of Aeronautics determine a portion of this parking lease should no longer be used, to allow more open space around the helipad. County and Civic Helicopters, Inc. agreed to amend the lease to revise the leased area.



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 Civic Helicopters in

negotiating the following rental increases for these leaseholds to be effective on August 1, 2017. The rate is consistent with the rate other lessees are paying at the airport.

Lease 1 – Second Amendment to Aviation Lease (County Contract No. 121961)

The proposed Second 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). Civic Helicopters currently pays \$2,732 per month in base rent for this Lease. Approval of the proposed amendment will raise the base monthly rent to \$2,880 effective August 1, 2017.

Lease 2 – Third Amendment to Aviation Lease (County Contract No. 121962)

The proposed Third Amendment to this Lease will amend the rental section to reflect the current negotiated market rent of \$4,566 per acre per month (improved pavement rate). Civic Helicopters currently pays \$1,127 per month in base rent for this Lease. Approval of the proposed amendment will raise the base monthly rent to \$1,185 effective August 1, 2017.

The base monthly rents for both leases will continue to be subject to annual cost of living adjustments and rent renegotiation every five years. County and Civic have also agreed to update several sections of the leases, including Transfer Premium and Appraisal Process. The amendments also clarify the types of notices Lessee may receive, and 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 Civic 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. These amendments will also revise contact and address information for both parties.

Recommended Motion

"Palomar Airport Advisory Committee recommends that the Board of Supervisors approve the Second Amendment to Aviation Lease between the County of San Diego and Civic Helicopters, Inc. (County Contract Number 121961) and the Third Amendment to Aviation Lease between County of San Diego and Civic Helicopters, Inc. (County Contract Number 121962)."

Civic Helicopters (Leases 1 & 2) Negotiated Rental Adjustment



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Civic Helicopters

- Background
 - June 2007 - BOS approved two 40-year aviation leases
 - Lease 1 - 1.14 acres with hangar and office facility
 - Lease 2 - 0.26 acres improved with pavement by County

Leases 1 and 2



Proposed Amendments

- Lease 1
 - Amends rent to \$2,880 per month effective August 1, 2017

- Lease 2
 - Amends rent to \$1,185 per month effective August 1, 2017

Proposed Motion

Palomar Airport Advisory Committee recommends that the Board of Supervisors approve the Second Amendment to Aviation Lease between the County of San Diego and Civic Helicopters, Inc. (County Contract Number 121961) and the Third Amendment to Aviation Lease between County of San Diego and Civic Helicopters, Inc. (County Contract Number 121962).