

PALOMAR AIRPORT ADVISORY COMMITTEE

Thursday, May 18, 2017

AGENDA ITEM #6

LEASE AMENDMENTS FOR PALOMAR AIRPORT CENTER LLC DBA ATLANTIC AVIATION-CRQ, LEASES 1, 4 AND 5 NEGOTIATED RENTAL ADJUSTMENT



BACKGROUND

On December 11, 2002 (13), the County Board of Supervisors approved 30-year aviation leases with Palomar Airport Center LLC, dba Premier Jet, for 0.48 acres (Lease 1), 3.37 acres (Lease 4) and 1.82 acres (Lease 5), at McClellan-Palomar Airport. These leases were subsequently amended to a total term of 40 years (Lease 4) and 42 years (Leases 1 and 5). 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. Lease 1 is located in a non-landfill impacted area and is used for fuel facilities and ramp space. Leases 4 and 5 are landfill-impacted. Lease 4 is used for portable hangar units, while Lease 5 is used for aircraft and automobile parking. The leases have been previously amended on several occasions, including the last negotiated rent adjustments in 2013.

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 January 1, 2018 (Lease 4) and June 11, 2018 (Leases 1 and 5). The rates are consistent with the rates other lessees are paying at the airport.

Lease 1 - Fourth Amendment to Aviation Lease (County Contract No. 75627R)

The proposed Fourth Amendment to this Lease will amend the rental section to reflect the negotiated market rent of \$2,530 per acre per month (non-landfill impacted rate). Atlantic currently pays \$1,168.10 per month in base rent for this Lease. Approval of the proposed amendment will raise the base monthly rent to \$1,215.

Lease 4 - Fourth Amendment to Aviation Lease (County Contract No. 75630R)

The proposed Fourth Amendment to this Lease will amend the rental section to reflect the negotiated market rent of \$2,024 per acre per month (landfill-impacted rate). Atlantic currently pays \$6,608.15 per month in base rent for this Lease. Approval of the proposed amendment will raise the base monthly rent to \$6,821.

Lease 5 - Fifth Amendment to Aviation Lease (County Contract No. 75631R)

The proposed Fifth Amendment to this Lease will amend the rental section to reflect the current negotiated market rent of \$2,024 per acre per month (landfill-impacted rate). Atlantic currently pays \$3,439.63 per month in base rent for this Lease. Approval of the proposed amendment will raise the base monthly rent to \$3,684.

The base monthly rents will continue to be subject to annual cost of living adjustments and rent renegotiation every five years. All three 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 Fourth Amendment to Aviation Lease between the County of San Diego and Palomar Airport Center LLC (County Contract Number 75627R), the Fourth Amendment to Aviation Lease between the County of San Diego and Palomar Airport Center LLC (County Contract Number 75630R) and the Fifth Amendment to Aviation Lease between County of San Diego and Palomar Airport Center LLC (County Contract Number 75631R)."