

FALLBROOK AIRPARK ADVISORY COMMITTEE
August 8, 2022

AGENDA ITEM #4

AMENDMENTS TO FOUR AVIATION LEASES
FOR SCHEDULED RENT ADJUSTMENT ONLY



Background

There are four aviation leaseholds at Fallbrook Airpark. On March 26, 2008 (8 and 10), the Board of Supervisors (Board) approved a 30-year aviation lease for approximately 6.03 net acres with Aircraft Hangar Management, LLC (“AHM”) and a 30-year aviation lease for approximately 4.11 net acres with L18 Airpark Corporation. In 2011, L18 Airpark Corporation assigned its leasehold interest to a different company, L18 Airpark, LLC (“L18”). On October 14, 2015 (3), the Board approved a 30-year aviation lease for approximately 0.976 acres with Murray Investment Company, LLC (“Murray”). On January 25, 2017 (3), the Board approved a 20-year aviation lease for approximately 3.71 acres with Fallbrook Air Service, Inc. (“FAS”). These leaseholds accommodate aircraft storage and provide a variety of services to the aviation community.

These four leases require rent to be renegotiated every five years, to keep current with market rates. The adjustments are scheduled to take effect on November 1, 2022 for Murray, February 1, 2023 for FAS, March 1, 2023 for AHM, and June 1, 2023 for L18.

PROPOSED LEASE AMENDMENTS

The proposed lease amendments will increase monthly rents by approximately 1.9% to 2.5% to reflect market rates, as negotiated and agreed to by the parties based on appraisal. However, for L18, the rent will not change, since there was a recent cost of

living adjustment that made their current rent consistent with market rates. The lease amendment for L18 is necessary to implement the current rent as the base for future cost of living adjustments.

The negotiated rental rate for these leases ranges between \$512 and \$526 per acre per month based on the size, location, and utility of each leasehold parcel. A summary of the rents is as follows:

Contract/ Lessee	Adjustment Date	Current Rent Per Month	Proposed Rent Per Month	Change Per Fiscal Year 2022/2023
316001 / Murray	11/1/2022	\$488	\$500	\$96
317016 / FAS	2/1/2023	\$1,914	\$1,950	\$180
75673 / AHM	3/1/2023	\$3,056	\$3,120	\$256
124436 / L18	6/1/2023	\$2,113	\$2,113	\$0
Total(s):		\$90,852	\$91,384	\$532

No other changes are being made to the leases.

RECOMMENDED MOTION:

“Fallbrook Airpark Advisory Committee recommends the Board of Supervisors approve the proposed amendments to aviation leases with Aircraft Hangar Management, LLC (County Contract No. 75673R), L18 Airpark, LLC (County Contract No. 124436), Murray Investment Company, LLC (County Contract No. 316001), and Fallbrook Air Service, Inc. (County Contract No. 317016).”