

PALOMAR AIRPORT ADVISORY COMMITTEE

Thursday, July 20, 2023
AGENDA ITEM #6

8TH AMENDMENT FOR PALOMAR AIRPORT CENTER LLC LEASE CONTRACT 75758R NEGOTIATED RENTAL ADJUSTMENT



BACKGROUND

On December 10, 2003, the County Board of Supervisors approved 30-year aviation lease with Jet Source, Inc. for 6.83 acres at McClellan-Palomar Airport. The lease commenced on January 1, 2004, amended multiple times including a total term of 40 years, and was subsequently assigned to Palomar Airport Center LLC on December 18, 2017. Palomar Airport Center LLC, which currently operates as Atlantic Aviation CRQ (“Atlantic”), is a full-service Fixed Base Operator with six separate leaseholds at the Airport. This lease includes hangars, offices, storage space, and parking area. The lease amendments included the implementation of periodically negotiated rent adjustments.

PROPOSED AMENDMENT

As is standard for County Airports' leases, this lease provides for a negotiated rental adjustment every five years to keep current with market rates. County Airports has worked with Atlantic in negotiating a rental increase for this County Contract 75758 leasehold to be effective on January 1, 2024. The rate is consistent with the rates other lessees are paying at the airport.

The proposed Eighth Amendment to this Lease will amend the rental section to reflect the negotiated rental rate of \$3,126 per acre per month. Atlantic currently pays \$20,786 per month for this 6.83-acre Lease. Approval of the proposed amendment will raise the base monthly rent to \$21,349.

This adjustment is contemplated in the existing lease agreement. Since this lease amendment is administrative in nature and is for scheduled rent adjustment only, all other terms of the lease would remain unchanged, and no other lease provisions, such as sustainability updates and Working Family Ordinance requirements, are being added or modified. This lease would continue to provide for annual Consumer Price Index-based rent adjustments and for periodic rental rate renegotiation every five years. The next renegotiated rent adjustment to reflect fair market rates is scheduled to occur on January 1, 2029.

Recommended Motion

"Palomar Airport Advisory Committee recommends that the County Board of Supervisors approve the proposed lease 8th amendment with Palomar Airport Center LLC for contract 75758."