

PALOMAR AIRPORT ADVISORY COMMITTEE

Thursday, September 21, 2023

AGENDA ITEM #7

7TH AMENDMENT FOR WESTERN FLIGHT, INC.
LEASE CONTRACTS 75728R, 75729R, 75730R
NEGOTIATED RENTAL ADJUSTMENT



BACKGROUND

On December 10, 2003, the County Board of Supervisors approved three 30-year aviation leases with Western Flight, Inc. for 3.41 acres with Contract No. 75728R, 4.12 acres with Contract No. 75729R and .45 acres with Contract No. 75730R at McClellan-Palomar Airport. The lease commenced on August 16, 2003, amended multiple times including to extend the term by 10 years as part of a project to provide user fee customs service and improved stormwater pollution prevention. Western Flight, Inc., is a full-service Fixed Base Operator with three separate leaseholds at the Airport. The three leases being amended include: 3.41 acres used for business offices, aircraft hangars, and aircraft parking (County Contract 75728R); 4.12 acres used for aircraft parking (County Contract 75729R); and 0.45 acres used for a fuel island and aircraft parking

(County Contract 75730R). County Contract 75729R is located over inactive landfill and has limited allowed uses and, therefore, has historically had a lower base rent per acre than non-landfill impacted areas. Additionally, these lease amendments included the implementation of periodically negotiated rent adjustments every five years.

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 Western Flight, Inc. in negotiating a rental increase for these County Contracts 75728R, 75729R, and 75730R to be effective on August 16, 2023. The rate is consistent with the rates other lessees are paying at the airport.

The proposed Seventh Amendment to these Leases will amend the rental section to reflect the below negotiated rental rate of these three leases.

- Lease 75728R is \$3,073 per acre per month. Western Flight currently pays \$10,307 per month for this 3.41-acre Lease. Approval of the proposed amendment will raise the base monthly rent to \$10,479.
- Lease 75729R is \$2,505 per acre per month. Western Flight currently pays \$10,097 per month for this 4.12-acre Lease. Approval of the proposed amendment will raise the base monthly rent to \$10,321.
- Lease 75730R is \$3,073 per acre per month. Western Flight currently pays \$1,361 per month for this .45-acre Lease. Approval of the proposed amendment will raise the base monthly rent to \$1,383.

These adjustments are contemplated in the existing lease agreements. Since these lease amendments are administrative in nature and are 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. These leases 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 August 16, 2028.

Recommended Motion

"Palomar Airport Advisory Committee recommends that the County Board of Supervisors approve the proposed lease 7th amendments with Western Flight, Inc. for contracts 75728R, 75729R and 75730R."