



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Airports		(2) MEETING DATE 1/23/2018		(3) CONTACT/PHONE Kevin Bumen 805-781-5205	
(4) SUBJECT Request to approve Amendment No. 4 (Clerk's File) to the Fixed Base Operator (FBO) Lease and Operating Agreement for Lease Site M at the San Luis Obispo County Regional Airport, between the County of San Luis Obispo and Aviation Consultants, Inc. (ACI) a California Corporation by 4/5 vote. District 3.					
(5) RECOMMENDED ACTION It is recommended the Board approve Amendment No. 4 to the Fixed Base Operator (FBO) Lease and Operating Agreement for Lease Site M at the San Luis Obispo County Regional Airport, between the County of San Luis Obispo and Aviation Consultants, Inc. (ACI) a California Corporation by 4/5 vote. District 3.					
(6) FUNDING SOURCE(S) N/A		(7) CURRENT YEAR FINANCIAL IMPACT N/A		(8) ANNUAL FINANCIAL IMPACT N/A	
(9) BUDGETED? Yes					
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)					
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A					
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A				(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input checked="" type="checkbox"/> 4/5th's Vote Required <input type="checkbox"/> N/A	
(14) LOCATION MAP Attached		(15) BUSINESS IMPACT STATEMENT? No		(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim					
(18) SUPERVISOR DISTRICT(S) District 3					



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Airports / Kevin Bumen 805-781-5205

DATE: 1/23/2018

SUBJECT: Request to approve Amendment No. 4 (Clerk's File) to the Fixed Base Operator (FBO) Lease and Operating Agreement for Lease Site M at the San Luis Obispo County Regional Airport, between the County of San Luis Obispo and Aviation Consultants, Inc. (ACI) a California Corporation by 4/5 vote. District 3.

RECOMMENDATION

It is recommended the Board approve Amendment No. 4 to the Fixed Base Operator (FBO) Lease and Operating Agreement for Lease Site M at the San Luis Obispo County Regional Airport, between the County of San Luis Obispo and Aviation Consultants, Inc. (ACI) a California Corporation by 4/5 vote. District 3.

DISCUSSION

On February 28, 2008, your Board approved a lease and operating agreement between the County and Aviation Consultants, Inc. (ACI). The lease provided for two terms totaling forty (40) years and required up to \$9 million in investment by ACI over the course of the agreement with graduated compensation terms as the Lessee gained control of premises and completed construction on same. This agreement was amended twice to add additional ground parcels as premises to the original lease. In accordance with the master agreement, the Deputy Director, County Airports signed for the County on both amendments.

On February 11, 2011, the Board approved Amendment No. 3 to the Lease whereby ACI received rent credits, a reimbursement for ACI's unanticipated costs for removal of debris.

On March 22, 2016, the Board approved an Assignment and Assumption Agreement and Consent to Assignment and Assumption Agreement dated March 3, 2016, from Aviation Consultants Inc., a California Corporation, to ACI AIR LLC., a California limited liability company.

ACI has completed all capital improvement obligations for Phase I and Phase II of the Site M Lease, which included site preparation and grading, construction of underground infrastructure, construction of a large maintenance and storage hangar and construction of aircraft parking apron.

Pursuant to Phase III of the lease, the Airport and ACI have agreed to the following capital improvements at Site M, which increase ACI's "required improvements" investment under the lease from \$9,000,000 to \$23,000,000, and include:

- 1) Constructing a second hangar/office complex of approximately 28,000 square feet
- 2) Adding 38,000 square feet of aircraft apron
- 3) Constructing approximately 35 on street airport vehicle parking spaces
- 4) Constructing an airport maintenance staff office for the County of approximately 2,100 square feet (to be rented back to County at \$3,990 per month which is \$1.90 per square foot, triple net for up to 10 years; a contract for which will be mutually agreed to at a future date).

All improvements become property of the County at the end of the Lease.

In consideration of the capital improvement investment (100% of the investment is made by ACI), the Airport has agreed to change the quinquennial (5 year) date that the "Market Rate adjustment to Monthly Base Rent" commences (for Lease Site M) from February 26, 2019 to March 1, 2030.

In addition, the Airport has modified the determination of a lease extension term based on the following:

- 1) If the Phase III Capital Improvements are completed on or before 12-31-2019, the lease will extend 40 years from the date said improvements are completed, or
- 2) If ACI fails to construct and install the Phase III required Improvements by 12-31-2019, the term of the lease shall expire on the original extension term date.

The Airport considers it to be in the best interest of all parties to execute Amendment No. 4 to the Fixed Base Operator (FBO) Lease and Operating Agreement for Lease Site M.

Pursuant to Government Code section 25536, the Board of Supervisors, by a four-fifths vote, may enter into leases of County Airport property without competitive bidding.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed this Amendment No. 4 to the Fixed Base Operator (FBO) Lease and Operating Agreement for Lease Site M for form and legal effect.

FINANCIAL CONSIDERATIONS

ACI's increased investment of capital improvements from \$9,000,000 to \$23,000,000 (which shall become the property of the County) sets the stage for an increase in the volume of valued customers and the quality of business and services offered to those customers at the Airport through the Fixed Based Operator (FBO).

RESULTS

Approval of Amendment No. 4 to the Fixed Base Operator (FBO) Lease and Operating Agreement for Lease Site M which includes a substantial increase in capital investment from ACI will, 1) enhance the economic, environmental and social quality of life in San Luis Obispo, and 2) provide for a continued and improved long term agreement and a stable source of revenue for the Airport Enterprise Fund contributing to the goal of a safe and livable community.

ATTACHMENTS

1. Clerk's Filed
2. Vicinity Map Site M