



**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. 1 to a previously approved Fixed Base Operator (FBO) Lease and Operating Agreement for Site L at the San Luis Obispo County Regional Airport, by and between the County of San Luis Obispo and Aviation Consultants, Inc. (ACI), a California Corporation, by a 4/5 vote, District 3. | | | | | |
| (5) RECOMMENDED ACTION It is recommended to approve Amendment No. 1 to a previously approved Fixed Base Operator (FBO) Lease and Operating Agreement for Site L at the San Luis Obispo County Regional Airport, by and between the County of San Luis Obispo and Aviation Consultants, Inc. (ACI), a California Corporation, by a 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? N/A | | (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. 1 to a previously approved Fixed Base Operator (FBO) Lease and Operating Agreement for Site L at the San Luis Obispo County Regional Airport, by and between the County of San Luis Obispo and Aviation Consultants, Inc. (ACI), a California Corporation, by a 4/5 vote, District 3.

RECOMMENDATION

It is recommended to approve Amendment No. 1 to a previously approved Fixed Base Operator (FBO) Lease and Operating Agreement for Site L at the San Luis Obispo County Regional Airport, by and between the County of San Luis Obispo and Aviation Consultants, Inc. (ACI), a California Corporation, by a 4/5 vote, District 3.

DISCUSSION

In the spring of 2014 the County publicly solicited for the redevelopment of Site L (the former American Eagle Maintenance facility), and, pursuant to the guidelines and instructions contained in the Request for Statements of Interest, the County elected to proceed with Aviation Consultants, Incorporated (ACI).

On September 22, 2015, the Board approved a 40 year lease with ACI to redevelop lease site "L", and to lease out excess space to other sub-lessees. This agreement included a substantial capital investment to renovate the hangar and the office spaces with 100% of the investment made by Lessee.

On March 22, 2016 the Board approved a Consent to Assignment and Assumption of this Site L Agreement (along with ACI Agreements for Site A and Site M) due to changes in ACI's corporate structure. This change in assignment to the lease agreement did not affect lease terms previously approved by the Board on September 22, 2015.

ACI desires to amend the Site L lease to harmonize certain rental adjustment terms with the ACI leases for Sites A and M, which will reduce administrative complexity and time, as follows:

- 1) Change the date that the annual Consumer Price Index (CPI) adjustment to Monthly Base Rent commences (for Lease Site L) from 10-1-2018 to 3-1-2018 (7 months earlier). Thereafter, the CPI adjustment for Site L is to be

made annually each March 1st. This coincides with the CPI adjustment dates contained in the ACI leases for Sites A and M, and,

2) Change the quinquennial date that the Market Rate Adjustment commences (for Lease Site L) from 9-22-2024 to 3-1-2025 (6 months later). The Market Rate Adjustment for Site L would then continue to be calculated every 5 years thereafter. This coincides with the Market Rate Adjustment dates and terms contained in the ACI leases for Sites A and M.

Following the execution of this Amendment No. 1 to Lease Site L, ACI will pay a lump sum of \$7,000.00 to the County in consideration of the change to the first date on which the Monthly Base Rent shall be adjusted to equal Fair Market Rent. \$7,000.00 represents the net present value (NPV) of future cash flows associated with the change.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed this amendment for form and legal effect.

FINANCIAL CONSIDERATIONS

The amendment changes the "CPI" and "Market Rate Adjustments" to Monthly Base Rent to coincide with those same rental adjustment dates contained in ACI Lease Agreements for Sites A and M.

RESULTS

Approval of this amendment will allow for continued rental adjustments as follows: 1) annual CPI intended to keep up with inflation and 2) the determination of fair market rent on a continued quinquennial schedule.

ATTACHMENTS

1. Vicinity Map Site L
2. Amendment No. 1 Site L Lease