

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

June 11, 2024

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

BRETT J. GODOWN, Director, Department of Airports

SUBJECT

Revenue Lease Agreement with M.I. Air Corporation, for Hangar, Office, and Shop Space at Chino Airport

RECOMMENDATION(S)

1. Find that approval of a Revenue Lease Agreement with M.I. Air Corporation for hangar, office and shop space at Chino Airport is an exempt project under the California Environmental Quality Act Guidelines Section 15301 - Existing Facilities (Class 1).
2. Approve Revenue Lease **Agreement No. 24-533** with M.I. Air Corporation, for three years for the period of July 1, 2024 through June 30, 2027, for the western portion of Hangar A-230, comprised of approximately 10,000 square feet of hangar space, 3,602 square feet of office space and 945 square feet of shop space, located at Chino Airport, 7000 Merrill Avenue in Chino, for total revenue in the amount of \$235,817, in accordance with Government Code Section 25536 (Four votes required).
3. Direct the Real Estate Services Department to file the Notice of Exemption in accordance with the California Environmental Quality Act.

(Presenter: Terry W. Thompson, Director, 387-5000)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The total revenue to be received by the Department of Airports (Airports) during this three-year lease is \$235,817, excluding water and sewer charges, and will be deposited into the Airport's budget (6315001000). Annual lease revenue is as follows:

<u>Period</u>	<u>Annual Lease Revenue</u>
July 1, 2024 – June 30, 2025	\$76,294
July 1, 2025 – June 30, 2026	\$78,583
July 1, 2026 – June 30, 2027	<u>\$80,940</u>
Total Revenue	\$235,817

BACKGROUND INFORMATION

The recommended new three-year Revenue Lease Agreement (Lease) with M.I. Air Corporation (M.I. Air) for the period of July 1, 2024 through June 30, 2027, is for the use of the western portion of Hangar A-230, comprised of approximately 10,000 square feet of hangar space,

**Revenue Lease Agreement with M.I. Air Corporation, for Hangar, Office,
and Shop Space at Chino Airport
June 11, 2024**

3,602 square feet of office space and 945 square feet of shop space (Premises) at Chino Airport.

The Airports Director, pursuant to delegated authority in County Code Section 18.0104, executed a three-year revenue lease agreement, CNO. 3179, with M.I. Air for the Premises, for the purpose of operating an approved Part 141 and 61 flight school and for aircraft storage at Chino Airport. The term of the lease was for the period of August 1, 2020 through July 31, 2023, which then continued on a month-to-month holdover, as permitted by the lease.

On October 5, 2022, Airports requested that the Real Estate Services Department (RESD) initiate a Solicitation of Proposals (SOP) process to obtain proposals from qualified aviation-related users for the lease of the Premises. The SOP was issued on October 5, 2022, and remained open through November 5, 2022.

On January 26, 2023, based on the evaluation criteria set forth in the SOP, a review committee consisting of representatives from various San Bernardino County (County) departments, RESD and Airports recommended that a lease based on the proposal received from M.I. Air be submitted to the Board of Supervisors (Board) for approval.

Following review of M.I. Air's audited financial statements by the County Administrative Office-Finance and Administration, RESD negotiated a new three-year Lease (Lease) with M.I. Air for a period of July 1, 2024 through June 30, 2027, for the use of the Premises. Either party may terminate this Lease by giving 30 days' notice.

The monthly rent in the Lease exceeds the limits set in County Code Section 18.0104 for delegated authority to the Airports Director and the RESD Director. Accordingly, Board approve of the Lease is requested.

RESD Staff has reviewed the recommended action pursuant to the California Environmental Quality Act (CEQA) and has determined it to be categorically exempt under CEQA Guidelines Section 15301 – Class 1 (Existing Facilities) because M.I. Air will operate within the existing facilities structure with negligible or no expansion of existing use.

Summary of Lease Terms

Lessee:	M.I. Air Corporation
Location:	7000 Merrill Avenue in Chino
Size:	Approximately a total of 14,547 square feet consisting of 10,000 square feet of hangar space, 3,602 square feet of office space and 945 square feet of shop space
Term:	Three years, commencing July 1, 2024
Options:	None
Rent:	Revenue per square foot per month: \$0.31 (hangar space) Revenue per square foot per month: \$0.36 (shop space) Revenue per square foot per month: \$0.81 (office space)

**Revenue Lease Agreement with M.I. Air Corporation, for Hangar, Office,
and Shop Space at Chino Airport
June 11, 2024**

Total Monthly: \$6,358

Total Annual: \$76,294*

*Per the Board Approved Chino Airport appraisal on file with RESD.

Annual Increases:	3%
Improvement Costs:	None
Maintenance:	Tenant, except that County shall maintain the hangar roofs
Utilities:	Tenant, provided Lessee pays \$94.00 per month to the County for water and sewer charges
Insurance:	The certificate of Liability Insurance, as required by the Lease, is on file with Airports
Holdover:	Shall increase 150% immediately preceding the expiration or earlier termination of this Lease
Right to Terminate:	Either party may terminate this Lease with 30-days' notice

PROCUREMENT

On October 5, 2022, RESD issued a SOP pursuant to County Policy 12-04, Leasing County Airport Real Property to solicit proposals from qualified aviation-related users for the lease of the Premises at Chino Airport. Proposals were received and a Lease, based on the proposal from M.I. Air, is recommended for the Board's approval based on the evaluation criteria set forth in the SOP. Government Code Section 25536 permits the Board to enter into leasing or subleasing all or any part of county-owned managed airport property with a four-fifths vote.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, and Agnes Cheng, Deputies County Counsel, 387-5455) on May 14, 2024; Airports (Brett J. Godown, Director, and Maureen Snelgrove, Assistant Director, 387-8810) on May 8, 2024; Purchasing (Ariel Gill, Lead Buyer, 387-2573) on May 9, 2024; Finance (Elias Duenas, 387-4052, and Garrett Baker, 387-3077, Administrative Analysts) on May 22, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on May 22, 2024.

(AR: 501-7579)

**Revenue Lease Agreement with M.I. Air Corporation, for Hangar, Office,
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June 11, 2024**

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Curt Hagman
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: June 11, 2024



cc: RESD - Thompson w/ agree
Contractor c/o RESD w/ agree
File w/ agree
JLL 06/26/2024