

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

August 5, 2025

FROM

TERRY THOMPSON, Director, Real Estate Services Department

BRETT J. GODOWN, Director, Department of Airports

SUBJECT

Option Agreement for Revenue Ground Lease with Parkcrest Construction, Inc. for Land at Chino Airport

RECOMMENDATION(S)

1. Find that approval of an Option Agreement for a potential Revenue Ground Lease with Parkcrest Construction, Inc., is not a project subject to the California Environmental Quality Act pursuant to Guidelines Section 15004(b)(4), or, alternatively, that it is an exempt project under the California Environmental Quality Act Guidelines, Section 15061(b)(3) -Common Sense.
2. Find that the Option Agreement and Revenue Ground Lease with Parkcrest Construction, Inc., for the proposed future development of a non-aeronautical truck, trailer, and cargo van parking, storage, and electric vehicle charging facility at the County's Chino Airport serves a public County purpose, allowing the County Airports to be financially self-sufficient in compliance with various Federal Aviation Administration grant assurances, generates revenue to support the airport's operations and development and fund the long-term airports improvements to accommodate forecasted aeronautical demand, provides adequate truck parking facilities to enhance road safety, reduces illegal parking, and supports emergency logistics responses to local communities, as well as having potential uses in the Revenue Ground Lease that will provide better flexibility to accommodate future aeronautical uses of the property.
3. Approve an Option **Agreement No. 25-596** for a Revenue Ground Lease Agreement with Parkcrest Construction, Inc., to complete future planning, entitlement and environmental review of its proposed development of a non-aeronautical truck, trailer, and cargo van parking, storage, and electric vehicle charging facility, subject to the Federal Aviation Administration's approval of a land use change of the property from aeronautical to non-aeronautical use, for \$50,000 for the initial one-year option term, no fee for one 90-day extension, plus \$10,000 for each of the subsequent 16, 30-day extensions, for , commencing upon the execution of the Option Agreement by both parties (Four votes required).
4. Approve Revenue Ground Lease **Agreement No. 25-597** with Parkcrest Construction, Inc., to be executed if Parkcrest Construction, Inc. duly exercises its option to lease pursuant to the Option Agreement, which lease shall be for a term of 30 years, commencing the latter of Parkcrest Construction, Inc receiving Certificate of Occupancy and the end of the Construction/Development Period, with two five-year extension options, for approximately 40 acres of county-owned land (Assessor's Parcel Numbers 1054-401-01-0000 and 1054-401-02-0000), for development and operation of a proposed future non-aeronautical truck,

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trailer, cargo van parking, storage facility, and electronic vehicle charging facility located at the northeast quarter of Merrill Avenue and Flight Street at Chino Airport, 7000 Merrill Avenue, City of Chino, for a total contract revenue of up to \$209,479,535 (Four votes required).

5. Authorize the Director of Real Estate Services, subject to County Counsel review, to:
 - a. Execute the Revenue Ground Lease Agreement approved by the Board in Recommendation No. 4, if Parkcrest Construction, Inc. duly exercises its option to lease pursuant to the Option Agreement in Recommendation No. 3,
 - b. Consent and approve Parkcrest Construction, Inc.’s requests for sublease and execute the Form of County Consent to Sublease if the conditions to sublease in the Lease are fully satisfied, and
 - c. Approve any non-substantive amendments necessary to complete this transaction, including Plans and Specifications in either the Option Agreement or the Ground Revenue Lease Agreement that require County approval or consent and any Lease Exhibits that require a County representative signature.
 6. Direct the Director of Real Estate Services to transmit the Revenue Ground Lease Agreement and any subsequent non-substantive amendments to both agreements on Recommendation Nos. 3 and 4 to the Clerk of the Board of Supervisors within 30 days after full execution.
 7. Direct the Department of Real Estate Services to file the Notice of Exemption in accordance with the California Environmental Quality Act.
 8. Authorize the Auditor-Controller/Treasurer/Tax Collector to post necessary budget adjustments as detailed in the Financial Impact section (Four votes required).
- (Presenter: Terry W. Thompson, Director, 387-5000)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally Responsible and Business-Like Manner.

Promote Economic Development and Efficient Use of County Assets.

FINANCIAL IMPACT

Approval of this item will result in the use of Discretionary General Funding (Net County Cost). The total revenue to be received during the option agreement is \$50,000 plus an additional \$160,000 if all option term extensions are exercised by optionee. The total revenue of the proposed 30-year contingent lease agreement is up to \$209,479,535. If executed, revenue received from this lease would be deposited in the appropriate County fund for Department of Airports (Airport) operations and improvements. The initial minimum monthly rent would be \$350,000, with annual three percent increases. A maximum \$5,000,000 infrastructure improvement allowance will be advanced by the County General Fund and fully reimbursed by the tenant over the initial lease term with five percent interest secured through lease provisions and performance bonding. A \$250,000 security deposit is required. Airports requests the following adjustments to the 2025-26 Budgets:

| Fund Center | Commitment Item/GL Account | Description | Action | Amount |
|--------------------|-----------------------------------|-----------------------------|---------------|---------------|
| 1280001000 | 56006000 | Appropriation Contingencies | Decrease | \$5,000,000 |
| 6315001000 | 52002135 | Special Department Expense | Increase | \$5,000,000 |

BACKGROUND INFORMATION

**Option Agreement for Revenue Ground Lease with Parkcrest
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In the Option Agreement (Agreement), Parkcrest Construction, Inc. (Parkcrest) will have an initial 12-month option period, with a payment of \$50,000 to the County to complete planning, entitlement, environmental review, and permitting for its proposed development and operation of a non-aeronautical truck, trailer, and cargo van parking, storage, and electric vehicle charging facility (Development) on approximately 40 acres of county-owned land at Chino Airport (Property). If additional time is needed, Parkcrest will have the option to extend the period with one, no-fee 90-day extension, followed by up to 16, additional 30-day extensions at a fee of \$10,000 per extension, provided the company is making reasonable progress and is not in breach of the Agreement. This allows for a maximum extension period of 570 days and a potential total extension revenue to the County of up to \$160,000. If all conditions precedent in the Agreement are satisfied, including the Federal Aviation Administration's (FAA) approval of a change of land use designation for the Property from aeronautical to non-aeronautical, Parkcrest may exercise its option to enter into a 30 year revenue ground lease (Lease), commencing the latter of Parkcrest receiving Certificate of Occupancy and the end of the Construction/Development Period, with two five-year extension options, for the construction and operation of the facility.

The Property is currently designated for aeronautical use on the Airport Layout Plan. However, the Property is challenging to access for aviation use and based on long-term planning for Chino Airport and the amount of other developable land available at the airport, County staff believes that the Property is not necessary to meet aeronautical demand or support aeronautical purposes and has submitted a request to the FAA to change the land use designation from aeronautical to non-aeronautical for the term of the proposed Lease. In its submission package to FAA, County staff proposed that the best current use for the Property is leasing it for non-aeronautical use for the Development. County staff believes that the proposed development, with limited improvements, is in the County's best interest, as it minimizes possible recapture costs should that become necessary in the future. The proposed Agreement and Lease would provide significant financial and additional benefits to Chino Airport, the totality of which is consistent with fair market value, by generating revenue, including option fees and ground lease rents with annual escalations and market adjustments during any extended terms, to support the airport's operation and development, fund the long-term improvements to accommodate forecasted aeronautical demand, and enable the County to comply with federal obligations, as well as obtain proposed on and off-premises infrastructure improvements that benefit the airport.

If the Lease is executed, rent will commence upon the latter of Parkcrest receiving a Certificate of Occupancy, or the end of the development/construction period. Parkcrest shall be provided for up to 12 months (the "Development/Construction Period") to cause the Substantial Completion of the improvements for the Development to occur and to open for business. Should the construction of the improvements be completed in less than 12 months, then the improvements shall be deemed Substantially Complete and open for business, the Rent Commencement Date shall start upon issuance of the Certificate of Occupancy. Parkcrest shall have right to request extensions of the development/construction period at the rate of \$10,000 for each 30-day extension period requested, up to no more than 16, 30-day extension periods. The \$10,000 extension fee for each 30-day extension of the development/construction period requested shall be non-refundable to Parkcrest.

Once Parkcrest has provided the final plans for the improvements—including all engineered drawings and proposed enhancements that benefit both the Development and Chino Airport—and these plans have been approved by the local governing authorities and the County

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Department of Airports, Parkcrest must then complete all terms set forth in the Option Agreement and obtain permits from the City of Chino for the improvements. Within 30 days of satisfying these requirements, the County will advance to Parkcrest an infrastructure improvement allowance (“Improvement Allowance”) in an amount not to exceed \$5,000,000 from the County’s general fund for permitted Development costs. Parkcrest shall pay back the County’s general fund the amortized Improvement Allowance over the initial Term of the Lease at five percent interest annually.

The Lease requires all improvements to be constructed at Parkcrest’s sole cost and expense, in accordance with approved plans and all applicable laws and regulations, including Federal Aviation Administration (FAA) requirements. Parkcrest is responsible for all maintenance, utilities, and insurance. The County retains rights for inspection, compliance, and enforcement of Lease terms. As a condition of the County’s consent to construction of any improvements on the Property, Parkcrest will be required to furnish a \$5,000,000 performance bond, and payment bond prior to the commencement of any construction. Parkcrest’s contractor shall procure performance and payment bonds as required by law, and the payment bond shall be in an amount equal to 100% of the cost of construction, naming the County as obligee. The bonds must remain in place during the construction period until all contractors and suppliers are paid and the permitting authority’s building official has approved final construction completion. The bonds must be issued by a surety qualified to do business in the State of California.

On April 11, 2023 (Item# 40) the Board of Supervisors (Board) adopted a Resolution declaring the Property as surplus, consistent with County Policy 12-17 – Surplus Real Property, and made it available for disposition. The Resolution also declared the Property as exempt surplus land under the Surplus Land Act pursuant to Government Code section 54221(f)(1)(G). On June 27, 2023 The California Department of Housing and Community Development has reviewed the adopted Resolution, which was submitted in accordance with Surplus Land Act Guidelines Section 400(e) and concurs with the exempt surplus declaration.

The Agreement for a potential future Lease was reviewed pursuant to the California Environmental Quality Act (CEQA) and determined not to be a project under CEQA Guidelines Section 15004(b)(4), or alternatively, to be categorically exempt under Section 15061(b)(3) - Common Sense. The activity is not a project, or alternatively, is covered by the common sense exemption, because it is conditioned on compliance with CEQA, and CEQA applies only to projects which have the potential for causing a significant effect on the environment, which is not the case for the Agreement. The proposed future development of the Property will be evaluated under CEQA at a future date during the option term.

Summary of Contingent Lease Terms

Lessee: Parkcrest Construction, Inc. (Andy Sehemelis, President)

Location: 7000 Merrill Avenue in Chino

Size: Approximately a total of 40 acres (APN’s 1054-401-01-0000 and 1054-401-02-0000)

Term: 30 years, commencing the latter of tenant receiving Certificate of Occupancy and the end of the Construction/ Development Period

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| Options: | Two five-year options to extend the term |
| Rent: | Revenue per square foot per month: \$0.20 (rounded) (Land) Total Monthly: \$350,000* Total Annual: \$4,200,000 *From the Rent Commencement Date following the completion of the Development/Construction Period |
| Annual Increases: | Three percent |
| Security Deposit: | \$250,000 |
| Improvements: | All Improvements at tenant sole cost and expense subject to Local Governing, County and FAA approval |
| Infrastructure Allowance: | Maximum of \$5,000,000 infrastructure improvement allowance for permitted Development costs to be reimbursed by the tenant over the initial term at five percent interest. |
| Performance and Payment Bonds: | \$5,000,000 performance bond to be posted by Tenant, and payment bond in an amount equal to 100% of the cost of construction to be procured by Tenant's contractor. |
| Maintenance: | Tenant sole cost and responsibility. |
| Utilities: | Any, and all utilities, and utility connections will be at Tenant sole costs, expense, and responsibility to maintain. |
| Insurance: | The certificate of Liability Insurance, as required by the Lease, to be on file with Airports |
| Holdover: | Shall increase 150% immediately preceding the expiration or earlier termination of this Lease |
| Right to Terminate: | Neither party may terminate unless default or failure to meet conditions precedent. |

PROCUREMENT

On November 1, 2022, the Real Estate Services Department (RESA) issued a Solicitation of Proposals (SOP) in accordance with County Policy 12-04, Leasing County Airport Real Property, to invite qualified developers and operators of truck, trailer, and cargo van parking facilities to submit proposals for the lease of the Property at Chino Airport. Parkcrest was the sole respondent, and the resulting Option Agreement for a revenue ground lease. Based on their proposal, it is recommended for Board approval, having met the evaluation criteria outlined in the SOP and validated through market analysis and due diligence. Pursuant to Government Code Section 25536, the Board may also approve the direct lease or sublease of all or any portion of county-owned property devoted to use for airport and/or vehicle parking with a four-fifths vote.

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REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, and Agnes Cheng, Deputies County Counsel, 387-5455) on July 23, 2025; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, Auditor-Controller Manager, 382-7022) on July 22, 2025; Airports (Brett J. Godown, Director, and Maureen Snelgrove, Assistant Director, 387-8812) on July 23, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on July 21, 2025; and County Finance and Administration (Eduardo Mora, 387-4376, Administrative Analyst) on July 31, 2025.

(LB: 453-5227)

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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, Joe Baca, Jr.
Abstained: Curt Hagman

Lynna Monell, CLERK OF THE BOARD

BY



DATED: August 5, 2025



cc: RESD - Thompson w/agree for sign
Contractor - c/o RESD w/agree
File - w/agree

MBA 08/12/2025