



San Bernardino County

Legislation Text

File #: 5046, Agenda Item #: 59

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

October 26, 2021

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

JAMES E. JENKINS, Director, Department of Airports

SUBJECT

Revenue Lease Agreement with Charles F. Nichols, Trustee of the Amended and Restated Nichols Family Trust Dated February 12, 2020 for Hangar, Office, Shop, and Ramp Space for the Department of Airports at the Chino Airport

RECOMMENDATION(S)

Approve a revenue Lease Agreement with Charles F. Nichols, Trustee of the Amended and Restated Nichols Family Trust dated February 12, 2020, for five years for the period of November 1, 2021 through October 31, 2026, with one two-year option to extend the term of the lease for a total of 67,049 square feet of space, comprising Hangar A-235 with 9,803 square feet of hangar space, 1,475 square feet of office space, and 1,921 square feet of shop space, and 53,850 square feet of adjacent ramp space, located at the Chino Airport, 7000 Merrill Avenue in Chino, for total revenue in the amount of \$480,060 (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.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The total revenue to be received by the Department of Airports (Airports) during this five-year agreement is \$480,060 and will be deposited into Airports budget (4003004550). Annual lease revenue is as follows:

<u>Year</u>	<u>Annual Lease Revenue</u>
November 1, 2021 - October 31, 2022	\$ 92,292
November 1, 2022 - October 31, 2023	\$ 94,116
November 1, 2023 - October 31, 2024	\$ 95,976
November 1, 2024 - October 31, 2025	\$ 97,872
November 1, 2025 - October 31, 2026	\$ 99,804
Total Cost	\$480,060

BACKGROUND INFORMATION

Approval of this item will provide for a new five-year revenue lease agreement with Charles F. Nichols, Trustee of the Amended and Restated Nichols Family Trust dated February 12, 2020, for the period of November 1, 2021 through October 31, 2026, with one two-year option to extend the term of the lease, for a total of 67,049 square feet of space, comprising Hangar A-245 with 9,803 square feet of hangar space, 1,475 square feet of office space, 1,921 square feet of shop space along with 53,850 square feet of adjacent ramp space at Chino Airport.

On February 10, 2009 (Item No. 33), the Board of Supervisors (Board) approved a three-year revenue lease agreement, No. 09-93 (Original Lease), with two one-year options to extend the term of the lease with Charles Nichols and Judith Nichols, as trustees of the Nichols Family Trust (Original Tenant) for a total of 32,200 square feet of space, comprising Hangar A-245 with 9,803 square feet of hangar space, 1,475 square feet of office space, and 1,921 square feet of shop space, along with 19,000 square feet of ramp space (Original Premises) at Chino Airport. The original term of the Original Lease was for the period of November 1, 2008 through October 31, 2011. The Original Tenant exercised both extension options, extending the term of the Original Lease through October 31, 2013.

On June 12, 2009 and May 28, 2009, the Director of the Real Estate Services Department (RESA) and the Director of Airports, pursuant to their authority in County Code Section 18.0104, respectively executed a 29-month revenue lease agreement, Contract No. CNO-1435 (Ramp Lease), with two one-year options to extend the term of the lease with Charles and Judith Nichols (Nichols) for 34,850 square feet of ramp space (Ramp Space) at Chino Airport. The original term of the Ramp Lease was for the period of June 1, 2009 through October 31, 2011. The Nichols exercised both extension options, extending the term of the Ramp Lease through October 31, 2013.

On April 12, 2013, Airports received a request from the Nichols to extend and consolidate the Original Lease and the Ramp Lease with the Original Tenant as the tenant. On November 5, 2013 (Item No. 44), the Board approved a four-year revenue lease agreement, No. 13-950 (Replacement Lease) with three one-year options to extend the term of the lease with the Original Tenant for the Original Premises and the Ramp Space. The original term of the Replacement Lease was for the period of November 1, 2013 through October 1, 2017. The Original Tenant exercised all three extension options, extending the term of the Replacement Lease through October 1, 2020. The Replacement Lease has continued on a permitted month-to-month holdover as of October 2, 2020.

Airports requested that RESA negotiate a new lease agreement with Charles F. Nichols, Trustee of the Amended and Restated Nichols Family Trust dated February 12, 2020, as successor to the Original Tenant, for an extended term. The new lease will be for five-years for the period of November 1, 2021 through October 31, 2026 with one two-year option to extend the term of the lease for a total of 67,049 square feet of space, comprising Hangar A-235 with 9,803 square feet of hangar space, 1,475 square feet of office space, and 1,921 square feet of shop space, and 53,850 square feet of adjacent ramp space.

Staff has reviewed the recommended action pursuant to the California Environmental Quality Act (CEQA) and has determined that it does not constitute a project. Accordingly, no further action is required under CEQA.

Summary of Lease Terms

Lessee: Charles F. Nichols, Trustee of the Amended and Restated Nichols Family Trust dated February 12, 2020 (Charles F. Nichols, Trustee)

Location: Hangar A-245 and adjacent ramp space at the Chino Airport located at 7000 Merrill Avenue in Chino

Size: Hangar Space - 9,803 square feet Office Space - 1,475 square feet Shop Space - 1,921 square feet Adjacent Ramp Space - approximately 53,850 square feet

Term: Five years, commencing November 1, 2021

Options: One two-year option to extend the term of the lease

Rent: Cost per sq. ft. per month: \$0.47
Monthly: \$7,691
Annual: \$92,292 *Mid-range for comparable facilities in the Chino area per the competitive set analysis on file with RESD

Annual Increases: 2%

Improvement Costs: None

Maintenance: Tenant, except that County shall maintain the hangar roof

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

Right to Terminate: Either party may terminate this agreement with 30-days' notice

PROCUREMENT

This lease was procured in accordance with Government Code Section 25536.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, 387-5455) on October 5, 2021; Airports (James E. Jenkins, Director, and Maureen Snelgrove, Assistant Director, 387-8812) on September 21, 2021; Real Estate Services (Jennifer Costa, Assistant Director, 387-5000) on October 5, 2021; Finance (Carl Lofton, Administrative Analyst, 387-5404 and Elias Duenas, Administrative Analyst, 387-4052) on October 12, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on October 12, 2021.

(LD: 453-5349)