



San Bernardino County

Legislation Text

File #: 5361, Agenda Item #: 30

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

January 11, 2022

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department
JAMES E. JENKINS, Director, Department of Airports

SUBJECT

County Consent to Sublease Pursuant to Revenue Lease Agreement with Chino Airport B-210, Inc. at Chino Airport

RECOMMENDATION(S)

1. Approve County Consent to Sublease with Chino Airport B-210, Inc., a California corporation, as sublandlord, and J & T LLC, as subtenant for a sublease of a portion of Parcel B-210, comprising Hangar E of approximately 7,333 square feet, at Chino Airport, as required pursuant to Revenue Lease Agreement No. 06-1165 with Chino Airport B-210, Inc., subject to receipt of a sublease consent review fee in the amount of \$1,500.
2. Designate the Chief Executive Officer or the Director of the Real Estate Services Department as the authorized officials to approve and execute consents for subleases and assignments in accordance with Revenue Lease Agreement No. 06-1165, subject to review of the Director of the Department of Airports and County Counsel.

(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) in Airports budget (6315001000), is an administrative action of the one-time administrative fee of \$1,500, that applies with each sublease consent, to be paid by the sublandlord upon approval of each sublease agreement. Total revenue resulting from Lease Agreement No. 06-1165 with Chino Airport B-210 (CAB-210) to be received by the County was estimated at \$570,960; annual revenue of \$19,032 with Consumer Price Index adjustment not to exceed 2.5%. The current annual revenue received by the County from CAB-210 is \$24,540.

BACKGROUND INFORMATION

The recommended actions will provide the County's consent to a sublease between CAB-210, as sublandlord, and J & T LLC (J&T), as subtenant, as required pursuant to Revenue Lease Agreement No. 06-1165 with CAB-210, and designate the Chief Executive Officer or the Director of the Real Estate Services Department (RESD) as the authorized officials to approve and execute consents for all future subleases and assignments under Revenue Lease Agreement No. 06-1165, subject to review of the Director of the Department of Airports

and County Counsel.

On December 5, 2006 (Item No. 31), the Board of Supervisors (Board) approved a 30-year Revenue Lease Agreement No. 06-1165 with CAB-210 (Master Lease), with two, five-year extension options, for use of approximately 1.82 acres of land known as Parcel B-210 (Master Premises) located at Chino Airport. The original term of the Master Lease is for the period of August 1, 2007 through July 31, 2037.

Since the execution of the Master Lease, CAB-210 has developed on Airport vacant land, building B-210 consisting of six separate hangars with approximately 79,279 square feet on the Master Premises known as Hangars A through F for purposes of subleasing. Construction of the building is for hangar space related to aircraft maintenance, private aircraft storage, and office space principally for aviation related purposes. The original \$2.1 million investment by CAB-210 into Chino Airport increases revenue through the master ground lease fee and purchase of fuel from established vendors, of which the County receives a portion of sales.

As required by the Master Lease, CAB-210 requested the County's consent to a sublease of a portion of the Master Premises, known as Hangar E, comprising approximately 7,333 square feet, to J&T for a term commencing on the date the County Consent to Sublease is fully executed through July 31, 2037, the remainder of the term of the Master Lease. RESD has reviewed the sublease request and recommends approval of the County Consent to Sublease, which consents to CAB-210's entering into a sublease agreement with J&T but affirms that the sublease is subordinate to the Master Lease.

While a prior sublease of Hangar F between CAB-210 and John A Buck and Carmita Buck, as trustees of the John and Carmita Buck Revocable Intervivos Family Trust dated December 9, 2002 (Bucks), was recorded against the Master Premises in March 2014, neither CAB-210 nor County staff could locate records of the County's consent as required by the lease. As a result, in conjunction with the J&T sublease consent, CAB-210 will record a termination of the Buck sublease to remove the interest from title.

This item also requests designation of the Chief Executive Officer or the Director of the Real Estate Services Department as the authorized officials to approve and execute consents for subleases and assignments subject to review of the Director of the Department of Airports and County Counsel in accordance with Master Lease as an administrative function under the lease.

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.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Agnes Cheng, Deputy County Counsel, 387-5455) on December 28, 2021; Airports (James E. Jenkins, Director, and Maureen Snelgrove, Assistant Director, 387-8812) on December 20, 2021; Finance (Wen Mai, Administrative Analyst, 387-4020) on December 28, 2021; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-4376) on December 28, 2021.

(LD: 453-5349)