

**MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **DECEMBER 11, 2012**

From: **JAMES DURFEE / MARK RIDEOUT**

Subject: **HANGAR 52 LEASE ASSIGNMENT – PLACER COUNTY SHERIFF'S
DEPARTMENT AUBURN AIRPORT**

ACTION REQUESTED / RECOMMENDATION:

1. Adopt a Resolution authorizing the Director of Facility Services, or his designee, to execute all documents and take all actions necessary to complete assignment of the lease for Hangar 52 within the Auburn Airport Building A, resulting in a \$27,180 annual reduction in net county cost, upon approval of County Counsel and Risk Management.

BACKGROUND: On September 29, 2008, your Board entered into Lease Agreement No. 12324 between the County and Hall Charitable Remainder Trust (HCRT) for the 3,600 square foot Hangar 52 located at the Auburn Airport (Agreement). This Agreement allowed the relocation of Sheriff's Department Patrol aircraft and equipment from Hangar 46 to Hangar 52. Pursuant to this Agreement the County currently pays HCRT \$2,673 per month for rent and common area expenses (\$32,076 annually). This Agreement expires on December 31, 2012, and it memorializes HCRT's offer to donate the Hangar 52 physical improvements to the County at the end of the term. This provision indicates that the donation will be at no cost to the County except for the reimbursement of direct costs associated with completing the transfer.

To receive the Hangar 52 donation, Property Management has determined that the Aircraft Hangar Lease (Hangar Lease) between HCRT and the Auburn Airport Hangar Association (AAHA), which authorized the construction and use of Hangar 52, must be assigned to the County. Property Management prepared the necessary Consent to Assignment and Assumption Agreement and a Tenant Estoppel Agreement, and presented them to HCRT and AAHA for approval. Following the assignment of Hangar 52, the County's monthly rental obligations will be \$408 per month including common area expenses (\$4,896 annually). At the end of the Hangar Lease term, the Hangar 52 and all alterations, improvements, and fixtures (except personal property and trade fixtures) will revert to the AAHA (see Exhibit A). The Hangar 52 Lease has 24 years remaining in the initial term, and it is subordinate to the October 13, 1986, 50-year, Auburn Municipal Airport Lease between the City of Auburn and AAHA that authorized the initial hangar complex development.

Property Management recommends that your Board approve the assignment of the Hangar Lease to the County. To accomplish this, it is recommended that your Board adopt the attached Resolution.

ENVIRONMENTAL CLEARANCE: The lease of this facility is Categorically Exempt from review pursuant to Section 15301 of the California Environmental Quality Act. This Section provides for activities, including leasing of existing facilities, when there is no expansion of use beyond that previously existing.

FISCAL IMPACT: Monthly Rent (including Base Rent and Common Area Expenses) will commence at \$408 per month (\$4,896 annually), which results in a \$27,180 annual savings in net county cost. This rental expense is included in the Sheriff's Department FY 2012-13 Budget.

ATTACHMENTS: EXHIBIT A - MATERIAL TERMS OF AIRCRAFT HANGAR LEASE
RESOLUTION

JD/MD/MR/LM/NT

cc: COUNTY EXECUTIVE OFFICE
AUDITOR - CONTROLLER
SHERIFF

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**EXHIBIT A
MATERIAL TERMS OF AIRCRAFT HANGAR LEASE**

Parties: County of Placer (as assignee) and Auburn Airport Hangar Association (AAHA)

Use: Hangar space to support the air operations of the Sheriff's Department Patrol Program

Premises: Hangar 52 located at the Auburn Airport Building A, Auburn, CA, approximately 3,600 square feet, including: work space, finished office and restroom (Premises).

Term: Thirty-three (33) year term beginning June 14, 2002.

Options: One, 1-year option exercisable 180 days prior to June 13, 2035.

Rent: Monthly rent for Premises, during the lease year beginning 1/01/2013 includes:

- Base Rent \$259.00
- Common Area Maintenance Expenses \$149.00
- \$408.00

Annual CPI Adjustment: Base Rent shall be subject to an annual adjustment on the anniversary date of the agreement. Adjustment shall occur in accordance with the Consumer Price Index (CPI) – California, for "All Urban Consumers". Rent shall not be reduced from the last previous base rent increase because of any decrease in the CPI.

Common Area Maintenance Expenses: County shall pay monthly for its share of the Common Area Maintenance (CAM) expenses. CAM expenses are comprised of a proportionate share of the ground lease rent, real property taxes, liability insurance, and common area utilities (including gas, electric, water and sewer, trash removal), maintenance, and fire alarm services. CAM expenses can be adjusted once every six (6) months based upon reasonably anticipated costs.

Utilities: County shall pay utility provider directly for gas, electric, and telephone services serving the Premises.

Insurance: County shall maintain Combined Single Limit, Bodily Injury and Property Damage Insurance of at least \$2,000,000, and this amount shall be subject to adjustment by AAHA.

Ownership of Improvements: Upon expiration of the Lease term, the Hangar structure and all alterations, improvements, and fixtures (except personal property and trade fixtures) will revert to the AAHA.

Before the Board of Supervisors County of Placer, State of California

In the matter of: **A Resolution authorizing the Director of Facility Services, or his designee, upon approval of County Counsel and Risk Management, execute all documents and take necessary actions to complete the assignment to the County of the Hangar 52 Aircraft Hangar Lease located at the Auburn Airport Building A, resulting in a \$27,180 annual reduction in net county cost.**

Resol. No: _____

The following **RESOLUTION** was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, 2012, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

WHEREAS, Hall Charitable Remainder Trust (HCRT) entered into that certain Lease with the Auburn Airport Hangar Association (AAHA) effective on June 14, 2002 for a 3,600 square feet hangar located in Auburn Airport Building A in Auburn, California (Hangar Lease); and,

WHEREAS, the County of Placer and Mervin Hall, Trust Manager of the HCRT have heretofore entered into Lease Agreement No.12324 for Hangar 52 located at Auburn Airport Building A in Auburn, CA which expires on December 31, 2012 (Agreement); and,

WHEREAS, that certain Agreement provided for HCRT's donation of its rights to Hangar 52 to the County of Placer at no cost, other than applicable title and transfer fees, after the Agreement expires; and,

NOW THEREFORE, BE IT RESOLVED, that the County Board of Supervisors does hereby authorize the Director of Facility Services, or his designee, to execute all documents, including the Assignment and Assumption Agreement and Tenant Estoppel Agreement, and take all actions necessary to complete the assignment of the Hangar Lease to the County for the Hangar 52 property located at Building "A" at the Auburn Airport in Auburn, CA.

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