

106
**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Economic Development Agency **SUBMITTAL DATE:** April 28, 2003

SUBJECT: Lease Agreement between the County of Riverside and John Obradovich and Betty Obradovich, Husband and Wife – Desert Resorts Regional Airport, Fourth District

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Lease between the County and the Lessee, John Obradovich and Betty Obradovich, Husband and Wife, for the development of nine (9) acres with aircraft storage hangars and a self-serve fuel station; and
2. Authorize the Chairman to execute the Lease.

BACKGROUND:

The Economic Development Agency is in receipt of a lease agreement between the County and John Obradovich and Betty Obradovich, Husband and Wife. The Lessee will occupy nine (9) acres of unimproved land at Desert Resorts Regional Airport for the development of aircraft storage hangars and a self-service fuel station. Plans and specifications for all improvements will be submitted to the County for approval prior to start of construction.

Bradley J. Hudson
Assistant County Executive Officer/EDA

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FINANCIAL DATA:

CURRENT YEAR COST: \$0
NET COUNTY COST: \$0
BUDGET ADJUSTMENT: NO
COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: N/A
SOURCE OF FUNDS: N/A

ANNUAL COST \$0
IN CURRENT YEAR BUDGET: N/A
FOR FY: N/A

FORM APPROVED
COUNTY COUNSEL

C.E.O. RECOMMENDATIONS: APPROVE

MAY 13 2003

County Executive Officer Signature: *Shonda King*

BY *Jordan V. Ubo*

Department Recommendation: Consent
 Policy

Policy

Prev. Agn. Ref.
None

Dist.
4th

AGENDA NO.

ATTACHMENTS FILED

3 1 1

April 28, 2003

BACKGROUND (continued):

As consideration for occupying the leasehold, Lessee will pay a monthly Base Rent equal to one thousand four hundred ninety-four dollars (\$1,494.00) during construction, not to exceed twelve (12) months from the date of Lease commencement, and will pay base monthly rent of two thousand nine hundred eighty-eight dollars (\$2,988.00) once construction has been completed. The base rent will be adjusted annually, except for dates coinciding with appraisals conducted every fifth year, beginning on July 1, 2004, by the increase in the Consumer Price Index. Beginning July 1, 2005, and every fifth year thereafter, the Lease rate will be adjusted to fair market value based on the results of a County procured and approved appraisal. In addition to the base rent, Lessee will pay to County a fuel flowage fee equal to 5% of the total net price paid by Lessee for all aviation and automotive fuel and lubricants received on the Leased Premises by Lessee.

The Lease calls for the development of the Leased Premises in three (3) phases, with all phases to be completed within five (5) years of Lease commencement. In the event construction is not completed within five (5) years, either party shall have the option of terminating the Lease for the uncompleted phase(s) by giving notice within thirty days from the end of the first five (5) years of the term. In the event either party exercises the option, the undeveloped phase(s) will be returned to the County and the size of the Leasehold and the Base Rent will be adjusted accordingly.

The term of the lease is for thirty (30) years, with an option by the Lessee to extend the term for an additional ten (10) years. Lessee must be in compliance with all terms and conditions of the Lease to exercise the option. The Economic Development Agency's Aviation staff recommends approval of the lease to John Obradovich and Betty Obradovich, Man and Wife. County Counsel has approved the lease document as to form.

LEASE SUMMARY:

- Rate:
1. Base rent: \$1,494.00/month during construction phase; \$2,988.00/month thereafter with annual CPI adjustments. Lease rate to be adjusted to fair market value on July 1, 2005 and every fifth year thereafter based on the results of a County procured and approved appraisal.
 2. A fuel flowage fee of 5% of the total net price of all aviation and automotive fuel and lubricants received.
- Size:
1. Nine (9) acres
 2. To be developed in three (3) phases within five (5) years of lease commencement. At the end of five (5) years, either party has option to cancel lease on undeveloped phases. In the event the option is exercised, any undeveloped phase(s) will be returned the County and the size of the Leased Premises and the Base Rent will be adjusted accordingly.
- Term:
- 30 years. Lessee has an option to extend for an additional 10 years if Lessee is in compliance with all terms and conditions of the Lease.