

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



ITEM: 3.17
(ID # 19686)

MEETING DATE:
Tuesday, September 13, 2022

FROM : TLMA - AVIATION:

SUBJECT: TRANSPORTATION LAND MANAGEMENT AGENCY- AVIATION DIVISION (TLMA- AVIATION): Approval of the Sixth Amendment to Lease Between the County of Riverside and French Valley Hangars LLC, a California Limited Liability Company, French Valley Airport, French Valley, District 3 [\$1,200 Total Cost; TLMA-Aviation Revenue Fund], CEQA Exempt (Clerk to file Notice of Exemption)

RECOMMENDED MOTION: That the Board of Supervisors:

1. **Find** that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301, Existing Facilities exemption and Section 15061(b)(3) "Common Sense" exemption:
2. **Approve** the attached Sixth Amendment to Lease French Valley Airport between County of Riverside, as landlord (County), and French Valley Hangars, LLC, a California Limited Liability Company, as lessee (French Valley Hangars);

Continued on page 2

ACTION:Policy

Charissa Leach, TLMA Director

8/24/2022

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, seconded by Supervisor Jeffries and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Perez and Hewitt
Nays: None
Absent: None
Abstained: Washington
Date: September 13, 2022
xc: TLMA-Aviation, Recorder

Kecia R. Harper
Clerk of the Board

By:
Deputy

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STATE OF CALIFORNIA**

RECOMMENDED MOTION: That the Board of Supervisors:

3. **Authorize** the Chairman of the Board of Supervisors to execute the attached Sixth Amendment; and authorize the Assistant County Executive Officer /TLMA, or designee, to take all necessary steps to implement the Sixth Amendment, including, but not limited to, signing subsequent necessary and relevant documents and approving any non-substantive amendments and modifications to the Sixth Amendment, subject to approval by County Counsel; and
4. **Direct** the Clerk of the Board to file the attached Notice of Exemption with the County Clerk within five working days of approval by the Board

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 1,200	\$ 0	\$ 1,200	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 100% TLMA- Aviation Revenue Fund			Budget Adjustment:	No
			For Fiscal Year: 22/23 – 32/33	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County of Riverside, a political subdivision of the State of California, as landlord, and French Valley Hangars, LLC, a California limited liability company, as lessee (“Lessee”), entered into that certain French Valley Airport Lease, dated June 4, 2002 (“Original Lease”), as amended by that certain First Amendment dated October 21, 2003, as amended by that Second Amendment dated July 17, 2007, as amended by that certain Third Amendment dated November 20, 2007, as amended by that Fourth Amendment dated March 17, 2009, and as amended by that Fifth Amendment dated July 17, 2018 (collectively “Lease”).

The Lease is related to Lessee’s use of that certain real property consisting of 3.5 acres of land, located at the French Valley Airport in French Valley, County of Riverside. The term of the Lease commenced on July 1, 2002, and terminates on June 30, 2032, with two (2) options to extend the term by ten (10) years. Pursuant to the Lease, French Valley Hangars operates as a limited fixed base operator at the French Valley Airport.

The Lease contains an annual increase that is based off the percentage change, in the Consumer Price Index (“CPI”), All Urban Consumers, Los Angeles- Riverside- Orange County Area for the twelve-month period ending three months before the month of the rent adjustment. The Los Angeles- Riverside- Orange County Area CPI no longer exists, and the County Aviation Division has negotiated the attached Sixth Amendment to change the CPI to the corresponding index of Riverside – San Bernardino – Ontario Area.

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Additionally, the Sixth Amendment will change the mark-to-market rate adjustment process to simplify it from the current process of having to provide lessee with two separate notification letters, each with their respective deadline, and are required to effectuate the market adjustment. The new process will allow Lessee to obtain their own appraisal at their own cost and expense for consideration by the Aviation Division. Said appraisal shall be procured no later than sixty (60) days following the mark to market rate adjustment.

In exchange for the two lease revisions that provide improved conformity with other County leases, the Aviation Division has agreed to offer a one-time, one-year CPI increase based on the previous three-year average. The three-year average CPI is 5.3% and will be applied retroactively to July 1, 2022. The Aviation Division has also agreed to set an 8% cap for any future CPI increases.

County Counsel has reviewed and approved the attached Sixth Amendment, including all exhibits, as to form. Staff recommends that the Board approve the Sixth Amendment.

Pursuant to the California Environmental Quality Act (CEQA), the Fifth Amendment was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1 – Existing Facilities and State CEQA Guidelines 15061(b)(3), General Rule or “Common Sense” Exemption.

Impact on Residents and Businesses

Lessee will continue to conduct the existing business of a limited fixed base operator on the leased premises, which will provide much needed aeronautical related services at the French Valley Airport.

Additional Fiscal Information

No net County cost will be incurred, and no budget adjustment is necessary, however, the Transportation and Land Management Agency, Aviation Division has incurred costs associated with this transaction. County Counsel and Facilities Management costs to date in the approximate amount of \$1,200 will be reimbursed from the TLMA Aviation Revenue Fund.

County Counsel Review	\$ 1,200
Total	\$ 1,200

Attachments

- Sixth Amendment Lease Agreement
- CEQA Notice of Exemption
- Aerial Map

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Scott Bruckner 9/7/2022

**SIXTH AMENDMENT TO FRENCH VALLEY AIRPORT
LEASE**

THIS SIXTH AMENDMENT TO LEASE FRENCH VALLEY AIRPORT (“Sixth Amendment”), dated as of July 14, 2022, is entered by and between the County of Riverside, a political subdivision of the State of California (“County”), and French Valley Hangars, LLC, a California Limited Liability Company (“Lessee”). The County and Lessee are sometimes collectively referred to herein as the “Parties” and individually as a “Party.”

RECITALS

WHEREAS, County and Lessee entered into that certain French Valley Airport Lease, dated June 4, 2002, as amended by that certain First Amendment to Lease French Valley Airport dated October 21, 2003, as amended by that certain Second Amendment to Lease French Valley Airport dated July 17, 2007, as amended by that certain Third Amendment to Lease French Valley Airport dated November 20, 2007, and amended by that Fourth Amendment to Lease French Valley Airport dated March 17, 2009, and amended by that Fifth Amendment to Lease French Valley Airport dated July 17, 2018 (collectively “Lease”), relating to, among other things, the lease of approximately 3.5 acres of vacant land at the French Valley Airport;

WHEREAS, County and Lessee have agreed to amend the Lease to (i) modify this year’s annual Consumer Price Index (“CPI”) increase by the previous three-year average percentage change, (ii) to change the mark-to-market rate adjustment process, (iii) to adjust the CPI to the corresponding Riverside – San Bernardino – Ontario area, and (iv) to apply an eight percent (8%) cap on annual CPI increases for non-appraisal years; and

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Parties do hereby agree as follows:

1. Recitals. The Recitals set forth above are true and correct and incorporated herein by this reference.
2. Section 5(a) of the Lease is hereby amended by the following:

Beginning retroactively on July 1, 2022, Lessee shall pay to Lessor a monthly rent equal to five thousand four hundred forty-six dollars and 54/100 (\$5,446.54) (“Base Rent”). A 5.3% increase from the previous year, which represents an increase that is based of the previous three-year average percentage change in the Consumer Price Index, All Urban Consumers, Riverside – San Bernardino – Ontario. All rent is due and payable in advance on the first of each month. All Rent shall be subject to a Late Fee. If not received by the Lessor by the 10th of the month.

3. Section 5(d) of the Lease is hereby amended by the following:

Beginning July 1, 2025, and every fifth (5th) year thereafter, the Base Rent shall be adjusted to one-twelfth (1/12) of eight percent (8%) of the then-current fair market value of the Leased Premises. Said fair market value shall be for the land and shall not include the value of the structures placed on the Leased Premises. In no event will application of this paragraph result in a monthly rental amount lower than the highest previous monthly rental amount.

A property appraisal for the purpose of establishing the adjusted Base Rent is to be performed by an independent MAI certified appraiser, knowledgeable in aviation appraising and in good standing with the American Institute of Real Estate Appraisers. No less than fourteen (14) days prior to the issuance of the RFP for appraisal services, County will send to Lessee a list of all the appraisers to which the RFP is sent. The appraiser is to be procured and paid for by County. Once established, said rent shall be adjusted annually in the manner set forth above. Lessee acknowledges and agrees that failure to pay such adjusted Base Rent amount shall constitute a default hereunder.

Notwithstanding with the above, Lessee at Lessee's sole cost and expense shall have the option to obtain Lessee's own appraisal for consideration by Lessor when determining the Base Rent Adjustment Mark to Market Value. In order to be considered by Lessor, said appraiser must have knowledgeable in aviation appraising, must be in good standing with the American Institute of Real Estate Appraisers and shall be licensed in the State of California or working in the state under a Temporary Practice Permit. The appraiser must also be certified with an MAI designation and shall prepare the report in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP"). Lessee's appraisal shall be conducted no later than sixty (60) days following the mark to market rate adjustment.

4. Section 5(e) of the Lease is hereby amended by the following:

Beginning July 1, 2023, and every July 1st thereafter, except for dates coinciding with the appraisals conducted every fifth (5th) year as referenced in Section 5(d) above, the Base Rent shall be adjusted by the percentage change in the Consumer Price Index, All Urban Consumers, Riverside – San Bernardino – Ontario (or then index corresponding to Riverside County) for the twelve (12) month period ending four (4) months before the month of rent adjustment under this paragraph. In no event will application of this paragraph result in a monthly rental amount lower than the highest previous monthly rental amount or exceed a monthly rental increase of more than eight percent (8%) from the then previous year.

5. CAPITALIZED TERMS. Sixth Amendment to Prevail. Unless defined herein or the context requires otherwise, all capitalized terms herein shall have the meaning defined in the Lease, as heretofore amended. The provisions of this Sixth Amendment shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall supplement the remaining provisions thereof.

6. MISCELLANEOUS. Except as amended or modified herein, all the terms of the Lease shall remain in full force and effect and shall apply with the same force and effect. Time is of the essence in this Sixth Amendment and the Lease and each and all of their respective provisions. Subject to the provisions of the Lease as to assignment, the agreements, conditions and provisions herein contained shall apply to and bind the heirs, executors, administrators, successors and assigns of the Parties hereto. If any provisions of this Sixth Amendment or the Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of the Lease and all such other provisions shall remain in full force and effect. The language in all parts of the Lease shall be construed according to its normal and usual meaning and not strictly for or against either the County or Lessee. Neither this Sixth Amendment, nor the Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded by Lessor.

7. COUNTERPARTS. This Sixth Amendment may be executed in several counterparts each of which shall be an original, but all of such counterparts shall constitute one such Sixth Amendment. An executed counterpart of this Sixth Amendment transmitted by email or other electronic transmission shall be deemed an original counterpart and shall be as effective as an original counterpart of this Sixth Amendment and shall be legally binding upon the parties hereto to the same extent as delivery of an original counterpart.

8. EFFECTIVE DATE. This Sixth Amendment to Lease shall not be binding or consummated until its approval by the Riverside County Board of Supervisors and fully executed by the Parties.


[Intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this **Sixth Amendment** as of the date first written below.

Dated: July 14 - 2022

LESSEE:

COUNTY OF RIVERSIDE, a
political subdivision of the
State of California

By: 
Jeff Hewitt, Chairman
Board of Supervisors

LESSOR:

FRENCH VALLEY HANGARS, LLC,
a California limited liability company


By: 
Phillip Roy, Member

ATTEST:
Kecia R. Harper
Clerk of the Board

By: 
Deputy

By: 
Michael Leon Amos, Member

APPROVED AS TO FORM:
County Counsel

By: 
Ryan Yabko
Deputy County Counsel



County of Riverside
TLMA Aviation
4080 Lemon Street, 14th Floor, Riverside, CA 92501

FOR COUNTY CLERK USE ONLY
Original Negative Declaration/Notice of
Determination was routed to County
Clerks for posting on.
9/16/22 Date PRJ Initial

NOTICE OF EXEMPTION

August 16, 2022

Project Name: Approval of Sixth Amendment to Lease French Valley Airport Between the County of Riverside and French Valley Hangars LLC, a California Limited Liability Company

Project Location: 37920 Sky Canyon Drive, Murrieta, CA 92563 Assessor Parcel Number 963-030-010 (a portion)

Description of Project: The County of Riverside (“County”), as lessor, and French Valley Hangars LLC, a limited liability company, as lessee, entered into a French Valley Airport Lease Agreement (“Lease”) for the use of approximately 3.5 acres of contiguous land at the French Valley Airport (“Leased Premises”). The Lease has been amended five times previously, and the County and Lessee have agreed to enter into the attached Sixth Amendment to Lease (“Sixth Amendment”). The Sixth Amendment proposes to change the CPI to the corresponding index of Riverside – San Bernardino – Ontario Area, adjust the mark-to-market rate adjustment process. In exchange for the two lease revisions that provide improved conformity with other County leases, the County has agreed to offer a one-time, one-year CPI increase based on the previous three-year average. The three-year average CPI is 5.3% and will be applied retroactively to July 1, 2022. The Aviation Division has also agreed to set an 8% cap for any future CPI increases.

The Sixth Amendment has been identified as a proposed project under the California Environmental Quality Act (CEQA) because a discretionary action is required for approval. The approval of the Sixth Amendment is limited to modifications to an existing contractual obligation and will not result in any direct effects on the environment. The Sixth Amendment relates to the operation of a limited fixed base operator service at the French Valley Airport, which will not result in any significant environmental impacts or include any mitigation measures.

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P. O. Box 1605 • Riverside, California 92502-1605

SEP 13 2022 3.17

Name of Public Agency Approving Project: County of Riverside

Name of Person or Agency Carrying Out Project: Riverside County Transportation and Land Management Agency – Aviation Division

Exempt Status: State CEQA Guidelines Section 15301, Class 1, Existing Facilities Exemption; Section 15061(b)(3), General Rule or “Common Sense” Exemption. Codified under California Code of Regulations Title 14, Article 5, Section 15061.

Reason Why Project is Exempt: The proposed project is categorically exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The project will not cause an impact to an environmental resource of hazardous or critical concern nor would the project involve unusual circumstances that could potentially have a significant effect on the environment. The project is limited to modifications to the existing Lease and does not include a new development or improvements to the Leased Premises. Furthermore, this project would not result in any physical direct or reasonably foreseeable indirect impacts to the environment.

- Section 15301 – Class 1 Existing Facilities Exemption:** This categorical exemption includes the operation, repair, maintenance, leasing, or minor alteration of existing public or private structures or facilities, provided the exemption only involves negligible or no expansion of the previous site’s use. The project, as proposed, is limited to modifications to the existing Lease terms which are consistent with the existing land use and would not result in a physical change to the property. These improvements fall within the criteria identified in Section 15301 (c) and (d) which allow for the repair and maintenance of existing transportation facilities and rehabilitation of structures and facilities to meet standards of health and safety. Therefore, the project is exempt as it meets the scope and intent of the Categorical Exemption identified in Section 15301, Article 19, Categorical Exemptions of the CEQA Guidelines.
- Section 15061 (b) (3) – “Common Sense” Exemption:** In accordance with CEQA, the use of the Common Sense Exemption is based on the “general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” State CEQA Guidelines, Section 15061(b) (3). The use of this exemption is appropriate if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” *Ibid*. This determination is an issue of fact and if sufficient evidence exists in the record that the activity cannot have a significant effect on the environment, then the exemption applies and no further evaluation under CEQA is required. See *No Oil, Inc. v. City of Los Angeles* (1974) 13 Cal. 3d 68. The ruling in this case stated that if a project falls within a category exempt by administrative regulation or 'it can be seen with certainty that the activity in question will not have a significant effect on the environment', no further agency evaluation is required. With certainty, there is no possibility that the project may have a significant effect on the environment. The approval of the Sixth Amendment would result in the continued limited fixed base operation on the leased premises. No significant direct or indirect environmental impacts would occur. Therefore, in no way, would the project as proposed have the potential

to cause a significant environmental impact and the project is exempt from further CEQA analysis.

Signed: Jose Ruiz **Date:** 8/16/2022
Jose Ruiz, Senior Real Property
Agent, County of Riverside
TLMA-Aviation Division

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION TO BILL
BY JOURNAL VOUCHER**

Project Name: Approval of Sixth Amendment to Lease French Valley Airport Between the County of Riverside and French Valley Hangars LLC, a California Limited Liability Company

Accounting String: 523220-40710-1910700000 - ED1910000

DATE: August 16, 2022

AGENCY: Riverside County

THIS AUTHORIZES THE COUNTY CLERK & RECORDER TO BILL FOR FILING AND HANDLING FEES FOR THE ACCOMPANYING DOCUMENT(S).

NUMBER OF DOCUMENTS INCLUDED: One (1)

AUTHORIZED AND PRESENTED BY: Jose Ruiz, Senior Real Property Agent, TLMA-Aviation

Signature: Jose Ruiz

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: Cassandra Sandoval

DATE:

RECEIPT # (S)

**Sixth Amendment to French Valley Airport Lease
French Valley Airport**



APN: 963-030-010