



Contra
Costa
County

To: Board of Supervisors
From: Greg Baer, Director of Airports
Date: March 7, 2023

Subject: Approval of an Amended and Restated Lease for the Existing Hotel at 45 John Glenn Drive, Buchanan Field Airport (District IV)

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Director of Airports, or designee, to execute an amended and restated lease with Dale Village Apartment Company, LP, to extend the term of the lease for the property located at 45 John Glenn Drive, Concord, through March 2073, at an initial annual rent of \$500,400, with rent increases every three years.

FISCAL IMPACT:

There is no negative impact on the General Fund. The amended lease facilitates the Airport Enterprise Fund to continue to receive ground rent and other income from this existing hotel site. As a result of this lease extension, the General Fund will continue to receive revenue from sales, transient occupancy, and possessory interest taxes.

BACKGROUND:

In September 1971, the County entered into a long-term ground lease for the subject property for the development of a 323-room hotel at Buchanan Field Airport. While this property was approved by the Federal Aviation Administration (FAA) for non-aeronautical uses, it remains subject to the FAA's lease provisions. The hotel was constructed under the terms of the original lease and has been in operation for approximately 50 years. The term

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR ☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **03/07/2023** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Ken Carlson, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 7, 2023

Monica Nino, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Beth Lee,
925-681-4200

cc:

of the original lease

BACKGROUND: (CONT'D)

expires May 31, 2037.

Following a series of lease assignments, the current tenant is Dale Village Apartment Company, LP (Dale Village). Dale Village desires to make improvements to the property, including renovation of the hotel in order to align it with a national brand. Financing for the improvements is expected to be through a leasehold mortgage. To make the costs associated with the needed renovation economically viable, the financing will need to be amortized over a longer period of time than the 14 years remaining on the existing lease. To that end, Dale Village has requested that the term of the lease be extended through March 2073, which equates to a 36-year term extension.

In addition to extending the term of the lease, the proposed amended and restated lease will modify the terms applicable to ground rent and other amounts due from the tenant, allow Dale Village to make capital improvements to the property, and incorporate current County and FAA standard lease terms. Such modifications and updates will make the document more consistent with other leases in effect with the Airports Division.

This lease extension aligns with the Airports Division's goal of revenue diversification through non-aeronautical leases. Additionally, it facilitates investment in airport property that also benefits the greater community.

CONSEQUENCE OF NEGATIVE ACTION:

If the term of the lease is not extended, the hotel will not be renovated or attached with a national brand. As a result, there will most likely be a reduction in the economic viability of the property, including the diminishment of rent received by the Airport Enterprise Fund, as well as sales, transient occupancy and possessory interest taxes received by the County.

ATTACHMENTS

Hotel Lease