



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

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DATE: May 20, 2026

07

TO: Board of Supervisors

SUBJECT

MCCLELLAN-PALOMAR AIRPORT – APPROVE LEASE WITH AMERICAN AIRLINES AND RELATED CEQA FINDING (DISTRICTS: 3 AND 5)

OVERVIEW

McClellan-Palomar Airport (Palomar Airport), owned and operated by the County of San Diego's Department of Public Works (DPW) Airports Division (Airports), serves as a critical link in the region's transportation network and economic infrastructure. It is one of seven airports operated by DPW, using funding from the Airport's self-sustaining maintenance and operations Airport Enterprise Fund (AEF), at no cost to the General Fund. This item is a proposed new lease with American Airlines (American) for limited commercial aviation service at Palomar Airport beginning on May 7, 2026. The airport does not require any facilities changes to accommodate the additional flights.

In 2023, American applied for a Commercial Airline Facilities Lease and Operations Agreement to operate four flights per day at Palomar Airport: two departures and two arrivals. American is now proposing to add two new round trip flights per day, resulting in a total of eight flights per day, four departures and four arrivals. This proposed action requires a change in lease terms. Their current two-year lease was approved by the Board of Supervisors (Board) on January 8, 2025 (4), with an expiration of February 12, 2027. If the Board approves today's recommendations, American's existing lease will be terminated, and a new lease will be awarded providing for up to eight flights per day.

American is proposing scheduled commercial air service at Palomar Airport with new flights beginning in early May with up to four departures and four arrivals per day from Phoenix Sky Harbor International Airport (PHX) on an Embraer 175 (EMB 175) aircraft. This destination serves as an American hub, offering passengers from North County convenient, one-stop connections to national and international markets. This lease proposal is consistent with the historical use outlined in the County's Airport Master Plan Update (Master Plan) and Program Environmental Impact Report (PEIR). American intends to use existing County Airport terminal facilities, parking areas, and other facilities. The County has coordinated with American, the Transportation Security Administration (TSA), and the Federal Aviation Administration (FAA) to

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ensure all operational and lease terms are consistent with applicable federal requirements, federal grant assurances, and the Palomar Airport Master Plan. The County is prohibited by federal law and grant assurances from discriminating against American Airlines and is obligated to negotiate in good faith with the airline for the use of available space.

The proposed flight schedule includes an arrival at 10:28 pm and a departure at 6:18 am, both of which fall outside the FAA-approved Voluntary Noise Abatement Program (VNAP) quiet hours of 10:00 pm to 7:00 am. Under the Airport Noise and Compatibility Act of 1990 (ANCA), the County lacks the legal authority to impose a mandatory curfew or prohibit these flights, as only the FAA can establish such restrictions. While the County has requested compliance, the airline maintains these flights are necessary to meet regional hub connection.

The Board and County Airports understand there are ongoing noise concerns from area residents. To support our commitment to being a good neighbor, the Board directed County Airports and Airports has expanded its noise monitoring efforts by installing additional noise monitors in local communities, increased our educational outreach to pilots, added staff to support noise complaints, created a public dashboard to track and log concerns, and continue to work with air traffic controllers to encourage compliance with our voluntary noise abatement program. County Airports will continue to engage with pilots, aviation businesses, and the FAA about noise on behalf of area residents and seek voluntary compliance with VNAP hours whenever possible.

This is a request for the Board of Supervisors to authorize the Director of Airports to execute a three-year lease agreement between American and County Airports with two one-year options to extend. This request would result in a new lease superseding the current lease, beginning May 7, 2026. As a result of the proposed lease, County Airports anticipate receiving \$1,108,108 in total fees and other revenue to the AEF annually. Fee waivers will not be provided. The lease will generate revenue for the AEF to support maintaining the airport's self-sustaining financial structure and advance the County's strategic goals of improving regional transportation connectivity, supporting economic vitality, and maintaining responsible environmental stewardship. American's service will provide new travel options for residents, visitors, and businesses in northern San Diego County while adhering to the County's high standards for operational safety, environmental compliance, and public transparency.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Find that the Final Program Environmental Impact Report (PEIR) for the McClellan-Palomar Airport Master Plan, certified by the Board of Supervisors on December 8, 2021 (06), State Clearinghouse #2016021105 on file with the Department of Public Works, was completed in compliance with the California Environmental Quality Act (CEQA) and state CEQA Guidelines, that the decision-making body has reviewed and considered the information contained therein and the Findings thereto dated April 7, 2026 (Attachment B) before approving the lease agreement with American Airlines, that the PEIR reflects the independent judgment and analysis of the Board of Supervisors; and

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Find that there are no substantial changes in the project or in the circumstances under which it is undertaken which involve significant new environmental impacts that were not considered in the previously certified PEIR, that there is no substantial increase in the severity of previously identified significant effects, and that no new information of substantial importance has become available since said PEIR was prepared in accordance with CEQA Guidelines Section 15168.

2. Authorize the County entering into a new three-year lease with two one-year options to extend with American Airlines, in compliance with FAA regulations, and authorize the Director of Airports to execute, the lease. **(4 VOTES)**

EQUITY IMPACT STATEMENT

The County of San Diego (County) owns and operates seven airports that serve as essential air transportation hubs, emergency response facilities, and regional economic engines. The County strives to deliver services in a fair and equitable manner, actively removing barriers by providing general airport information in the County’s threshold languages, encouraging public participation, and creating competitive opportunities for small businesses including those with traditionally less working capital and business owners and managers who may be socially and economically underserved.

SUSTAINABILITY IMPACT STATEMENT

The base monthly rent from this lease helps to support economic sustainability by providing services for the region. The revenue that County Airports will receive from commercial aviation services and continues to receive from other charter and general aviation activities will help operate, maintain, and improve the County Airport System consistent with the County sustainability goal of providing just and equitable access to County services and resources in support of sustainable communities.

FISCAL IMPACT

Funds for this request are included in the Fiscal Year 2025-26 Operational Plan in the Airport Enterprise Fund. If approved, today’s recommendation will authorize a lease agreement with American Airlines and County Airports. The County Airports anticipates receiving total annual fees and other revenue from American Airlines in the first year of operations in the amount of \$1,108,108. The funding source is revenue from the commercial aviation lease with American Airlines. There will be no change in net General Fund costs and no additional staff years. Revenue derived from this lease supports the Airport Enterprise Fund allowing the Department of Public Works to operate all airports safely, efficiently, and cost-effectively without the use of General Fund dollars.

BUSINESS IMPACT STATEMENT

Leases at airports benefit the local business community by creating jobs, increasing economic activity, providing business opportunities, and supporting infrastructure development. Commercial airline services attract visitors, generate revenue, support regional economic growth, and improve the quality of life for residents. San Diego County Airports connect individuals to

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jobs and links local communities to the world. Revenue derived from airport leases allows the Department of Public Works to operate and maintain the seven County airports safely, efficiently, and cost-effectively without the use of general fund dollars. Today's action authorizes the Director of Airports to execute a lease agreement with American Airlines supporting the self-sufficiency and economic viability of the County airport system.

ADVISORY BOARD STATEMENT

On March 19, 2026, this item was presented to the Palomar Airport Advisory Committee (Committee) for their recommendation. The Committee voted 3 in favor, 3 against, 0 abstained, with 2 absent and 1 vacant seat. The Committee was informed the Board would hear this item on May 20, 2026.

BACKGROUND

The County of San Diego (County) Department of Public Works (DPW) owns and operates seven airports: Borrego Valley Airport, Fallbrook Community Airpark, Gillespie Field, Jacumba Airport, McClellan-Palomar Airport (Palomar Airport), Ocotillo Airport, and Ramona Airport. The County Airport system (County Airports) is operated, maintained, and improved using rents, fees, rates and charges, and federal and state grant funding without the use of County general fund dollars. County Airport infrastructure and facilities include runways, taxiways, air traffic control towers, navigational equipment, airfield lighting systems, parking lot facilities, and roadways. Services available to corporate and general aviation users include hangar and tie-down rentals, aviation fuel sales, aircraft repair, maintenance, parts, pilot supplies, flight training, and out-of-state flights. County Airports serve the public by housing aviation facilities and equipment used by local law enforcement agencies, aerial firefighting, and other emergency services providers, and provide support for flights to the public. County Airports include industrial-zoned land that allows for other airport-compatible uses such as manufacturing, storage, and other commercial uses such as those in Fallbrook Airpark, Gillespie Field, and Palomar Airport industrial/commercial parks. Leasing airport land generates revenue for the Airport Enterprise Fund (AEF), ensuring Airports remain financially self-sufficient without the use of County general fund dollars.

Consistent with the FAA-approved Voluntary Noise Abatement Program (VNAP) quiet hours of 10:00 pm to 7:00 a.m., the County informed American of the VNAP and requested that American comply with it. American believes it cannot meet the VNAP quiet hours requirements for its first or last flight because of the need to timely connect passengers with its regional hub facilities at Phoenix, AZ.

Federal Aviation Administration Compliance

Palomar Airport has been operating in Carlsbad since 1959 and is designated as a Commercial Service Airport. The airport is categorized by the Federal Aviation Administration (FAA) as a non-hub primary airport and is certified as a Class I Part 139 facility to serve commercial service aboard scheduled small aircraft (10-30 seats), scheduled large aircraft (30+ seats), and unscheduled large aircraft. As a certified commercial service airport, Palomar Airport undergoes annual inspections from the FAA and State, requiring the County to meet federal requirements in operational infrastructure, aircraft rescue and firefighting, staff training, security plans, and associated

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documentation. The County accepts federal grant funding from the FAA Airport Improvement Program (AIP) and, as a condition of receiving funding from the FAA, the County must comply with a list of Airport Sponsor Assurances. Grant Sponsor Assurance 22 (Grant Assurance 22) prohibits the County from discriminating against any type, kind, or class of aeronautical user. The FAA in Order 5190.6C of the FAA Airport Compliance Manual, explains the reach of Grant Assurance 22:

“[Airport sponsors are required to] make [the] airport available as an airport for public use on reasonable terms, and without unjust discrimination, to all types, kinds, and classes of aeronautical activities including commercial aeronautical activities offering services to the public at the airport.”

Palomar Airport Master Plan

Commercial service at Palomar Airport is supported in the Master Plan (Master Plan), which was initiated by County Airports upon direction from the County Board of Supervisors on December 16, 2015 (6). The Master Plan Update and associated Final Program Environmental Impact Report (PEIR) was adopted and certified by the Board on December 8, 2021 (6). The PEIR considers and discloses potential environmental impacts associated with the implementation of forecasted aviation services and associated infrastructure improvement projects at the airport. The Master Plan creates a new blueprint for the development of the facilities over the next 20-year planning cycle, including a potential increase in commercial air service over the long-term planning period. Long-term infrastructure planning, which includes facility upgrades primarily to the runway and taxiways to enhance safety and efficiency for existing and forecasted users by installing facilities such as Emergency Materials Arresting Systems (EMAS), a runway shift, and a small runway extension was also forecasted in the Master Plan. These facilities changes are not needed to support the current American Airlines proposal, which has been approved by the FAA to operate using the existing B-II facilities at the Airport.

American Airlines Proposed Lease

In 2023, American Airlines, Inc. (American) applied for a Commercial Airline Facilities Lease and Operations Agreement to operate four flights per day: two departures and two arrivals. A two-year lease was approved by the Board of Supervisors on January 8, 2025 (04). In 2026, American approached the County to request a new lease to operate a total of eight flights: four departures and four arrivals per day, to Phoenix on an Embraer 175 (EMB 175) aircraft, with scheduled commercial air service at Palomar Airport, beginning May 7, 2026. With today’s action, American’s existing (2024) lease will be terminated, and the new lease will supersede the 2024 existing lease. Phoenix serves as an American hub, offering passengers from North County convenient, one-stop connections to national and international markets. American’s proposal of 110,960 enplanements and after combined with existing airlines is well below the 575,000 annual enplanements contemplated in the Board approved Master Plan and PEIR for Palomar Airport and would not result in a significant environmental impact. As a result of the proposed lease, County Airports anticipate receiving \$1,108,108 in total fees and other revenue to the AEF annually.

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American accommodates commercial passengers using the existing passenger terminal, parking facilities, aircraft ramp space, and infrastructure and would continue to use its existing ticket counter space, a kiosk, and office space at the passenger terminal. No additional facilities would need to be constructed to support the lease as the proposed uses are within the scope of uses the existing facilities were designed and built to accommodate. The proposal is compatible with existing facilities, and within the forecasts analyzed in the Master Plan Update and PEIR approved by the Board.

Both the airline's commercial service operating certificate and Grant Assurance 22 guide the review of American's lease proposal. The service proposed by American is consistent with their rights as a commercial service provider. The County is prohibited by federal law and grant assurances from discriminating against American and is obligated to negotiate in good faith with the airline for the use of available space. If the County were to deny an airline the right to use this commercial facility, the FAA may revoke, deny, or withhold grants to compel compliance. This action would negatively impact the entire County Airport System, making critical infrastructure improvements challenging and would risk depleting the AEF.

Palomar Airport was permitted, developed, and operated as one of only two commercial service airports in San Diego County. The City of Carlsbad issued Conditional Use Permit (CUP) 172 for Palomar Airport in 1980 which specifically authorized "Airlines, scheduled and unscheduled" (i.e., commercial airlines both currently scheduled and/or scheduled at a future date) by right. The City has acknowledged that the CUP does not restrict commercial service operations by weight, seat capacity or other aircraft features. The CUP does require approval from the City Planning Commission for any change in the designation of the Airport from its current B-II facilities standard to something else. No change in the designation of the Airport has been requested by American or will be provided by the County under the proposed lease. American will use the Airport facilities as permitted by the City in the CUP. The proposed lease is consistent with the terms of the CUP and the custom and practice of the City and County in implementing it.

Approving the lease with American is in line with the forecasted economic impact detailed in the 2021 Airport Economic Impact Analysis (Economic Analysis). Based on the 2021 Economic Analysis, Palomar Airport's operational and capital expenditure, tenant activity, and passenger spending supported 2,590 jobs, drives approximately \$82.6 million in industry activity, and generates \$14.9 million in federal, state, and local tax revenue. The economic impact associated with the addition of future commercial services at Palomar Airport will continue to improve Palomar Airport's regional economic impact with most of the airport's economic impact benefiting North County; 69% of the total employment impact and 55% of the total industry activity.

This is a request for the Board of Supervisors to authorize the Director of Airports to execute a three-year lease agreement with two one-year options to extend, in compliance with FAA regulations. The lease will generate revenue for the AEF, help maintain the airport's self-sustaining financial structure, and further the County's strategic goals of improving regional transportation connectivity, supporting economic vitality, and maintaining responsible environmental stewardship. American's service will provide additional travel options for residents and businesses

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in northern San Diego County while adhering to the County’s high standards for operational safety, environmental compliance, and public transparency.

ENVIRONMENTAL STATEMENT

On December 8, 2021 (06), the Board of Supervisors certified the Program Environmental Impact Report (PEIR) for the Palomar Airport Master Plan Update (Project), SCH #2016021105 on file with the Department of Public Works. The proposed action consists of the issuance of a commercial airline facilities lease to American Airlines to operate at Palomar Airport.

In accordance with CEQA Guidelines Section 15168(c), an environmental review update checklist was completed on April 7, 2026 (Attachment B), and the analysis concluded that the proposed action would result in no new impacts or mitigation measures, the activity is within the scope of the previously approved project covered by the PEIR, and no new environmental document would be required. Because commercial airline activity was analyzed and considered in the PEIR for the Palomar Airport Master Plan Update and the activities proposed by American, considered individually and cumulatively, are within the scope of what was reviewed in the PEIR, the proposed action is consistent with activities contemplated and analyzed in the PEIR.

The environmental review update checklist was prepared pursuant to CEQA Guidelines Section 15168 and concluded there is no new information of substantial importance, nor any substantial changes to the Project analyzed in the PEIR or circumstances under which the project was undertaken since the PEIR was prepared. Therefore, no additional environmental review or findings are necessary under CEQA Guidelines Sections 15162 and 15168.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today’s proposed action supports the Economic Sustainability Strategic Initiative in the County of San Diego’s 2026-2031 Strategic Plan. Revenue derived from airport leases is placed in the County’s Airport Enterprise Fund, which aligns services to available resources, maintaining fiscal stability, and ensuring long-term solvency by using lease revenue for ongoing maintenance and operation of County Airports. Airports in San Diego County are an important part of the County’s physical infrastructure and the federal transportation system and provide superior service delivery to the local aviation customers and the public which they serve.

Respectfully submitted,



DAHVIA LYNCH
Deputy Chief Administrative Officer

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ATTACHMENT(S)

A: Vicinity Map

B: Environmental Findings