

**COUNTY OF SAN DIEGO  
BOARD OF SUPERVISORS - LAND USE  
WEDNESDAY, MAY 01, 2024**

**MINUTE ORDER NO. 3**

**SUBJECT: GILLESPIE FIELD - FIFTH AMENDMENT TO INDUSTRIAL LEASE WITH VERIDIAM, INC. FOR SCHEDULED RENT ADJUSTMENT ONLY AND RELATED CEQA EXEMPTION (DISTRICT: 2)**

**OVERVIEW**

Gillespie Field is in the City of El Cajon and is one of eight airports owned by the County of San Diego (County) and operated by the County Department of Public Works (DPW). The County airports system is operated, maintained, and improved using lease revenues and federal and State grant funding. Gillespie Field airport infrastructure and facilities include runway, taxiways, air traffic control tower, communications, and related equipment. Services available to corporate and general aviation users at this airport include hangar and tie-down rentals, aviation fuel sales, aircraft repair, maintenance, parts, pilot supplies, and flight training. The airport serves the public by housing aviation facilities and equipment operated by local law enforcement agencies, aerial firefighting, and other emergency services providers. Gillespie Field also includes industrial-zoned land that accommodates uses compatible with the airport. Leasing of airport land generates revenue for the Airport Enterprise Fund, which is used by DPW to ensure that all County airports are properly maintained and safe for airport users and the surrounding communities.

Veridiam, Inc. (Veridiam), a leading custom tubing manufacturer, formerly known as Carpenter Special Products Corporation, occupies a 6.42-net acre parcel at Gillespie Field. The Board of Supervisors (Board) approved the existing ground lease on June 22, 2005 (11). The 35-year lease, with a 20-year extension option, commenced on May 1, 2004, and has been amended four times. The lease provides for periodic rental rate renegotiations every five years to keep pace with market rates. The upcoming renegotiated rental adjustment is due on May 1, 2024. Based on the recent appraisal of a nearby leasehold, which estimated the fair market rate at \$7,773 per acre per month, Veridiam's rent would increase by about 27.14%. To mitigate such steep increase, the County and Veridiam have negotiated a lease amendment that would implement annual 5% fixed rent increases over the next five years.

This is a request to approve the fifth amendment to the industrial lease with Veridiam, Inc., to adjust the rent and to revise the rent adjustment schedule, as negotiated by the parties based on appraisal. If the proposed action is adopted, the lessee's current base monthly rent of \$39,251 will be increased by five percent, or \$1,963, to \$41,214, effective May 1, 2024. Thereafter, fixed five percent increases would be implemented annually until the next renegotiated rent adjustment in 2029.

**RECOMMENDATION(S)**

**CHIEF ADMINISTRATIVE OFFICER**

1. Find, in accordance with Section 15301 of the California Environmental Quality Act (CEQA) Guidelines, that the proposed lease amendment is categorically exempt from CEQA review as it consists of the leasing of existing facilities involving negligible or no expansion of existing or former use.

2. Approve and authorize the Clerk of the Board to execute, upon receipt, three copies of the fifth amendment to industrial lease with Veridiam, Inc. (County Contract No. 117011).  
**(4 VOTES)**

### **EQUITY IMPACT STATEMENT**

Gillespie Field is one of eight airports owned and operated by the County of San Diego (County) that provide vital air transportation hubs, emergency response facilities, and economic engines. The County pursues delivery of these services in a fair and equitable manner and actively works to remove barriers by providing airport guests with general airport information in the County's threshold languages, encouraging participation, and providing competitive opportunities for small businesses and business that traditionally have less working capital and business owners and managers who may be socially and economically underserved.

### **SUSTAINABILITY IMPACT STATEMENT**

The proposal to amend the industrial lease with Veridiam, Inc. to increase the base monthly rent has economic and social sustainability benefits. This lease provides increased services for the region. The revenue from this lease is used to operate, maintain, and improve the County airports 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 (FY) 2023-24 Operational Plan in the Department of Public Works, Airport Enterprise Fund. If approved, this request will result in additional revenue of \$3,926, for a total current year revenue of \$474,938 in FY 2023-24, and \$498,688 in FY 2024-25. The funding source is rental payments from the lessee under the terms of the amended lease. There will be no change in net General Fund cost and no additional staff years.

### **BUSINESS IMPACT STATEMENT**

Leases at airports benefit the local business community by creating jobs, increasing economic activity, providing business opportunities, and supporting infrastructure development. They attract visitors, generate revenue, and help small businesses grow, thus stimulating the local economy and improving the quality of life for residents. Airports connect individuals to jobs and local communities to the world. DPW operates and maintains the eight County airports safely and cost-effectively with the revenue derived from the airport leases. Today's action of implementing scheduled rent adjustments to industrial lease with Veridiam, Inc. promotes self-sufficiency of Gillespie Field and enhances the economic viability of the County airport system.

### **ACTION:**

ON MOTION of Supervisor Desmond, seconded by Supervisor Anderson, the Board of Supervisors took action as recommended, on Consent.

AYES: Vargas, Anderson, Lawson-Remer, Montgomery Steppe, Desmond

State of California)  
County of San Diego)

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER  
Clerk of the Board of Supervisors



**Signed**  
**by** Andrew Potter

