



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

KRISTIN GASPAR
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: October 16, 2019

06

TO: Board of Supervisors

SUBJECT

GILLESPIE FIELD – SECOND AMENDMENT TO AVIATION LEASE WITH SKY HARBOR HANGARS (DISTRICT: 2)

OVERVIEW

Gillespie Field is a general aviation airport owned and operated by the County of San Diego's (County) Department of Public Works (DPW) within the municipal limits of the City of El Cajon. The airport includes 19 aviation leases and is a gateway to and from San Diego's east county providing infrastructure, facilities, and services to corporate and general aviation communities. Leasing of airport property generates lease revenue within the airport enterprise fund, which is used by DPW to ensure that all County airports are properly maintained and safe for airport users.

On September 15, 2010 (13) the Board of Supervisors approved a new nine-year ten-month lease for aircraft storage hangars with Sky Harbor Hangars (Sky Harbor). The lease commenced on October 1, 2010 and is scheduled to terminate on July 31, 2020. This lease was amended on September 12, 2012 (8) to reduce the size of the leasehold and adjust rent proportionately. The lease provides for a renegotiated rent adjustment, which is scheduled to take effect on December 1, 2019. DPW and Sky Harbor have negotiated a lease amendment that would adjust the rent for the remaining 8-month term of the lease.

This is a request to approve the second amendment to the aviation lease with Sky Harbor. The amendment would increase base monthly rent, effective December 1, 2019, from \$13,100 to \$13,799. If the proposed action is adopted, the current fiscal year revenue would increase by \$4,893.

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 leasing of existing facilities involving negligible or no expansion of existing or former use.

**SUBJECT: GILLESPIE FIELD – SECOND AMENDMENT TO AVIATION LEASE
WITH SKY HARBOR HANGARS (DISTRICT: 2)**

2. Approve and authorize the Clerk of the Board to execute, upon receipt, three copies of the Second Amendment to Aviation Lease with Sky Harbor Hangars, a general partnership, (County Contract No. 503284) **(4 VOTES)**

FISCAL IMPACT

Funds resulting from this request are partially included in the Fiscal Year 2019-20 Operational Plan for the Airport Enterprise Fund. If approved, this request would result in total annual revenue of \$162,093 in Fiscal Year 2019-20, an increase of \$4,893 over the amount budgeted. The funding source for the additional revenue is increased rental payments for 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

N/A

ADVISORY BOARD STATEMENT

On July 17, 2019, the Gillespie Field Development Council unanimously recommended, by a vote of 4 Ayes, 0 Noes, and 0 Abstentions, with 0 absent and 1 vacant seat, that the Board of Supervisors approve the second amendment to Aviation Lease between the County and Sky Harbor Hangars (County Contract No. 503284).

BACKGROUND

Gillespie Field is a general aviation airport owned and operated by the County of San Diego's (County) Department of Public Works (DPW) within the municipal limits of the City of El Cajon. The airport provides infrastructure, facilities, and services for corporate and general aviation users and serves as the base for Sheriff Department's Aerial Support to Regional Enforcement Agencies. Along with aviation-related facilities, Gillespie Field includes three off-airport industrial parks developed with airport-compatible uses. Leasing of airport property generates lease revenue within the airport enterprise fund, which is used by DPW to ensure that all County airports are properly maintained and safe for airport users.

The Board of Supervisors approved one such lease on September 15, 2010 (13). This new nine-year, ten-month aviation ground lease at Gillespie Field with Sky Harbor Hangars (Sky Harbor) for 11.14 acres of aviation land, replaced their previous leases for the same premises. The leasehold is improved with seven rows of aircraft storage hangars, varying in size. The current lease commenced on October 1, 2010 and is scheduled to terminate on July 31, 2020. The lease was amended on September 12, 2012 (8) to reduce the premises size to 10.917 acres and adjust rent proportionately. This leasehold has no commercial subleases and no flight schools.

As is standard for County leases, the Sky Harbor lease provides for scheduled rent adjustments to keep current with market rates. If approved by the Board, the upcoming rent adjustment would take effect on December 1, 2019, and would be implemented through the proposed lease amendment. DPW and Sky Harbor have negotiated a lease amendment that would increase monthly rent by \$699, an increase of approximately 5.33%.

**SUBJECT: GILLESPIE FIELD – SECOND AMENDMENT TO AVIATION LEASE
WITH SKY HARBOR HANGARS (DISTRICT: 2)**

This is a request to approve the second amendment to the aviation lease with Sky Harbor. The amendment would increase base monthly rent, effective December 1, 2019, from \$13,100 to \$13,799. If the proposed action is adopted, the monthly revenue would increase by \$699, and the current fiscal year revenue would increase by \$4,893. All other terms of the lease will remain the same.

ENVIRONMENTAL STATEMENT

Section 15301, of the California Environmental Quality Act (CEQA) Guidelines exempts from CEQA review actions consisting of the “operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features involving negligible or no expansion of existing or former use.” The key consideration in applying this exemption is whether the proposed action involves expansion of existing use. The proposed action involves approval of a lease amendment with no proposed changes in use from what currently exists. The proposed action relates to the continued leasing and operation of existing uses, involves no expansion of use, and is, accordingly, exempt from CEQA review pursuant to Section 15301 of the CEQA Guidelines.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today’s proposed action supports the Operational Excellence Strategic Initiative in the County of San Diego’s 2019-2024 Strategic Plan. Revenue derived from airport leases is placed in the County’s Airport Enterprise Fund, which aims at aligning services to available resources and maintaining fiscal stability 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 general public.

Respectfully submitted,



SARAH E. AGHASSI
Deputy Chief Administrative Officer

ATTACHMENT(S)

Attachment A – Vicinity Map

**SUBJECT: GILLESPIE FIELD – SECOND AMENDMENT TO AVIATION LEASE
WITH SKY HARBOR HANGARS (DISTRICT: 2)**

AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: ☒ Yes ☐ No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

☐ Yes ☒ No

PREVIOUS RELEVANT BOARD ACTIONS:

September 12, 2012 (8), approved 1st amendment to lease to reduce the premises and reduce rent accordingly; September 15, 2010 (13), approved a new nine-year, ten-month lease with Sky Harbor to combine both leasehold premises into one leasehold; February 24, 2010 (12), approved lease amendments to both leases with Sky Harbor to adjust rent and revise lease provisions; September 18, 2002 (13), approved lease amendments to both leases with Sky Harbor to adjust rent and add stormwater provisions; September 16, 1997 (38), approved lease amendments to both leases with Sky Harbor to adjust rent and add a substance abuse provision; July 24, 1990 (29), approved a 30-year lease agreement with Sky Harbor (Contract No. 71276R); February 13, 1990 (39), approved a lease amendment with Sky Harbor to adjust rent and add a security provision (Contract No. 70664R); December 4, 1984 (44), approved a 30-year lease agreement with Sky Harbor (Contract No. 70664R).

BOARD POLICIES APPLICABLE:

F-51 County Real Property Asset Management

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

**ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION
NUMBER(S):**

503284

ORIGINATING DEPARTMENT: Department of Public Works

OTHER CONCURRENCE(S): N/A

CONTACT PERSON(S):

Brian Albright

Name

858-694-2233

Phone

Brian.Albright@sdcounty.ca.gov

E-mail

Derek Gade

Name

858-694-3897

Phone

Derek.Gade@sdcounty.ca.gov

E-mail