



# COUNTY OF SAN DIEGO

## BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

### AGENDA ITEM

COUNTY OF SAN DIEGO  
2019 DEC - 2 AM 11: 29  
CLERK OF THE BOARD  
OF SUPERVISORS

**DATE:** December 10, 2019

**16**

**TO:** Board of Supervisors

#### **SUBJECT**

**SUPPORTING BUSINESS OPPORTUNITIES AT COUNTY AIRPORTS (DISTRICTS: 2 & 5)**

#### **OVERVIEW**

County of San Diego (County) aviation lease agreements currently include a surcharge for commercial subleases at our airports, of typically 5%, which has provided revenue in addition to the base rent that is paid by tenants. On February 24, 2010 (12), the Board of Supervisors (Board) approved lease amendments with each leasehold at Gillespie Field and implemented a tiered rental rate increase from 2010 to 2019 to phase rent back up to market rate. In addition to the phased rent increases, the Board suspended the sublease surcharge through November 30, 2019, to better help the aviation businesses absorb the rent increases.

The City of San Diego Airports (Montgomery and Brown) and the San Diego International Airport do not utilize a sublease surcharge. A survey of other western region airports demonstrated that we are not in the majority in charging a sublease surcharge. Not only should the surcharge be permanently eliminated at Gillespie, it should be removed from all lease agreements at County airports. We have made tremendous progress with improvements to our airports and eliminating the surcharge will hopefully spur additional growth and business opportunities.

Today's action would approve amendments to the aviation lease agreements at County airports (as identified on Attachment A) to eliminate the sublease surcharge as of December 1, 2019 and authorize the Director of the Department of Public Works, or the Director's designee, to execute the lease amendments upon receipt.

#### **RECOMMENDATION(S)**

##### **CHAIRWOMAN DIANNE JACOB AND SUPERVISOR JIM DESMOND**

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

**SUBJECT: SUPPORTING BUSINESS OPPORTUNITIES AT COUNTY AIRPORTS  
(DISTRICTS: 2 & 5)**

2. Approve amendments to each of the leases identified in Attachment A to eliminate all sublease surcharges effective December 1, 2019, and delegate authority to the Director of the Department of Public Works or the Director's designee to execute the amendments. **(4 Votes)**

**FISCAL IMPACT**

If approved, this request would result in a loss of annual revenue of approximately \$94,000 in the Fiscal Year 2019-2020 Operational Plan for the Airport Enterprise Fund. The loss of revenue would be from the elimination of sublease surcharge from the lessees under the terms of the amended leases. The loss in subsequent years would be approximately \$190,000 annually. There will be no change in net General Fund cost and no additional staff years.

**BUSINESS IMPACT STATEMENT**

N/A

**ADVISORY BOARD STATEMENT**

N/A

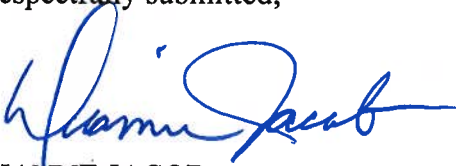
**BACKGROUND**

County of San Diego (County) aviation lease agreements currently include a surcharge for commercial subleases at our airports, of typically 5%, which has provided revenue in addition to the base rent that is paid by tenants. On February 24, 2010 (12), the Board of Supervisors (Board) approved lease amendments with each leasehold at Gillespie Field and implemented a tiered rental rate increase from 2010 to 2019 to phase rent back up to market rate. In addition to the phased rent increases, the Board suspended the sublease surcharge through November 30, 2019, to better help the aviation businesses absorb the rent increases.

The City of San Diego Airports (Montgomery and Brown) and the San Diego International Airport do not utilize a sublease surcharge. A survey of other western region airports demonstrated that we are not in the majority in charging a sublease surcharge. Not only should the surcharge be permanently eliminated at Gillespie, it should be removed from all lease agreements at County airports. We have made tremendous progress with improvements to our airports and eliminating the surcharge will hopefully spur additional growth and business opportunities.

Today's action would approve amendments to the aviation lease agreements at County airports (as identified on Attachment A) to eliminate the sublease surcharge effective as of December 1, 2019 and authorize the Director of the Department of Public Works, or the Director's designee, to execute the lease amendments upon receipt.

Respectfully submitted,



DIANNE JACOB  
Chairwoman, 2<sup>nd</sup> District



JIM DESMOND  
Supervisor, 5<sup>th</sup> District

**SUBJECT: SUPPORTING BUSINESS OPPORTUNITIES AT COUNTY AIRPORTS  
(DISTRICTS: 2 & 5)**

**ATTACHMENT(S)**

Attachment A – List of Aviation Leases to be Amended

**SUBJECT:** SUPPORTING BUSINESS OPPORTUNITIES AT COUNTY AIRPORTS  
(DISTRICTS: ALL)

**AGENDA ITEM INFORMATION SHEET**

**REQUIRES FOUR VOTES:**       Yes     No

**WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED**

Yes     No

**PREVIOUS RELEVANT BOARD ACTIONS:**

N/A

**BOARD POLICIES APPLICABLE:**

N/A

**BOARD POLICY STATEMENTS:**

N/A

**MANDATORY COMPLIANCE:**

N/A

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

N/A

**ORIGINATING DEPARTMENT:** Districts 2 and 5, Board of Supervisors

**OTHER CONCURRENCE(S):**    N/A

**CONTACT PERSON(S):**

Matthew Parr

Name

(619) 531-5522

Phone

Matthew.Parr@sdcounty.ca.gov

E-mail

Ben Mills

Name

(619) 531-5555

Phone

Benjamin.Mills@sdcounty.ca.gov

E-mail