



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
17

Meeting Date: **JUNE 2, 2011**

Subject:

Authorize the President/CEO to Execute Amendment No. 1 to the Lease with the San Diego Unified Port District ("Port") for Property Commonly Referred to as the Former General Dynamics Site

Recommendation:

Adopt Resolution No. 2011-0069, authorizing the President/CEO to execute Amendment No. 1 to the lease with the Port covering property commonly referred to as the former General Dynamics Site ("Lease") to increase the premises by approximately 35,720 square feet for property rights necessary to construct improvements supporting the Washington Street Intersection and Access Improvements Project.

Background/Justification

The Authority and the Marine Corps Recruit Depot ("MCRD") are negotiating for the improvement of the Washington Street intersection and access to their respective facilities. For the Authority to proceed with its Washington Street Intersection and Access Improvements Project scheduled to commence in December 2011, it must acquire property rights for two vacant parcels from the Port comprising approximately 35,720 square feet located at the intersection of Washington Street and Pacific Highway as delineated on Attachment 1.

The Washington Street Intersection and Access Improvements Project is important to the Authority's planned development north of runway 9/27, including the Central Receiving and Distribution Center which is planned to be completed by December 2012.

The former General Dynamics Site is covered by a Lease from the Port to the Authority and is comprised of almost 90 acres of land located on the north side of San Diego International Airport between the southerly prolongation of Washington Street and Quince Street. The term of this lease is 66 years, expiring in December 2068 with an annual rent of \$6,750,000 (\$1.73 per square foot). Due to the adjacent proximity of the two vacant parcels to the former General Dynamics Site and the linkage between the Washington Street Intersection and Access Improvements Project and the planned development on the north side of SDIA, it is prudent to incorporate these parcels into the lease covering the former General Dynamics Site. Amendment No. 1 will not change any terms or conditions of the underlying Lease with the exception of increasing the rent by \$61,795 annually (\$1.73 per square foot) for the additional 35,720 square feet of land area.

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If proposed Amendment No. 1 is granted, it is anticipated that use of a portion of the additional land area will be conveyed to MCRD via an easement or other property interest to facilitate MCRD's future improvements while providing improved access to Authority property.

Fiscal Impact:

The proposed Amendment No. 1 would require an annual rent payment from the Authority to the Port in the amount of \$61,795. There are no provisions for future rent adjustments over the remaining 57-year term of the Lease. The Authority currently pays the Port \$6,750,000 in annual rent under the Lease. The new proposed rent would be \$6,810,860. The extra cost associated with the incorporation of these parcels through Amendment No. 1 into the existing Lease is budgeted in the FY2012 Real Estate Management operating budget.

Environmental Review:

This Board action is categorically exempt from the California Environmental Quality Act (CEQA) under §15301 of the CEQA Guidelines because it constitutes leasing of public facilities involving negligible expansion of use beyond that existing at the time of the lead agency's determination.

This Board action is not a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code §30106.

Equal Opportunity Program:

Not Applicable.

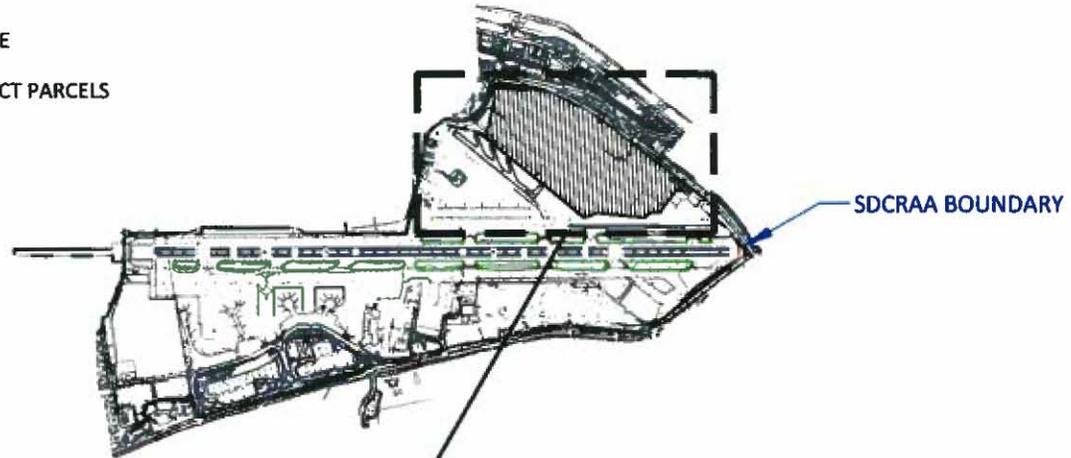
Prepared by:

VERNON D. EVANS
VICE PRESIDENT, FINANCE/CHIEF FINANCIAL OFFICER/TREASURER

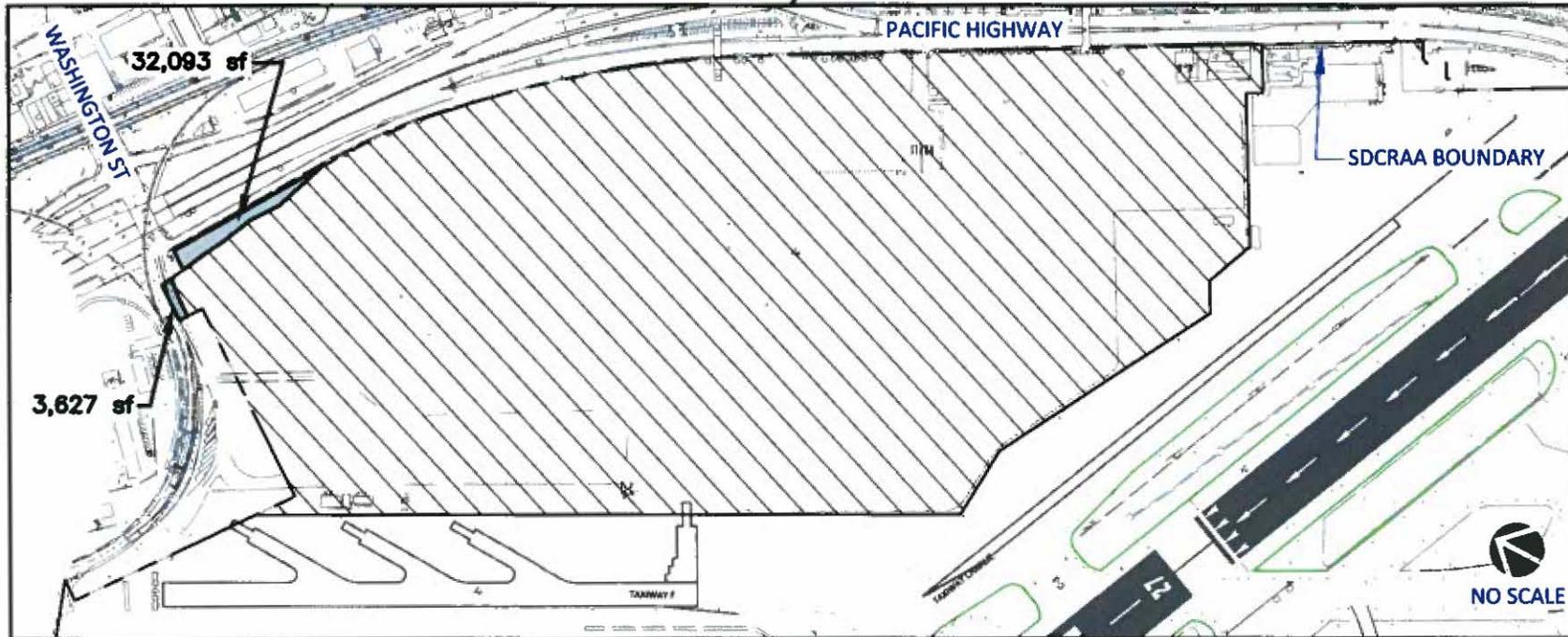
ATTACHMENT 1

LEGEND

-  GENERAL DYNAMICS SITE
-  SAN DIEGO PORT DISTRICT PARCELS



NO SCALE



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RESOLUTION NO. 2011-0069

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AMENDMENT NO. 1 TO THE LEASE WITH THE PORT COVERING PROPERTY COMMONLY REFERRED TO AS THE FORMER GENERAL DYNAMICS SITE TO INCREASE THE PREMISES BY APPROXIMATELY 35,720 SQUARE FEET FOR PROPERTY RIGHTS NECESSARY TO CONSTRUCT IMPROVEMENTS SUPPORTING THE WASHINGTON STREET INTERSECTION AND ACCESS IMPROVEMENTS PROJECT

WHEREAS, the San Diego County Regional Airport Authority ("Authority") currently leases San Diego International Airport ("SDIA") property from the San Diego Unified Port District ("Port") pursuant to that certain Lease dated December 17, 2002 and bearing Authority Document No. LE-0009 ("Lease"); and

WHEREAS, the Authority and the Marine Corps Recruit Depot ("MCRD") are negotiating for the improvement of the Washington Street intersection and access to their respective facilities; and

WHEREAS, for the Authority to proceed with its Washington Street Intersection and Access Improvements Project scheduled to commence in December 2011, it must acquire property rights for two vacant parcels from the Port comprising approximately 35,720 square feet located at the intersection of Washington Street and Pacific Highway; and

WHEREAS, the Washington Street Intersection and Access Improvements Program is important to the Authority's planned development north of runway 9/27, including the Central Receiving and Distribution Center which is planned to be completed by December 2012; and

WHEREAS, it is anticipated that use of a portion of the additional land area will be conveyed to MCRD via an easement or other property interest to facilitate MCRD's future improvements while providing improved access to Authority property; and

WHEREAS, Amendment No. 1 will not change any terms or conditions of the underlying Lease with the exception of increasing the rent by \$61,795 annually (\$1.73 per square foot) for the additional 35,720 square feet of land area.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby authorizes the President/CEO to execute Amendment No. 1 to the Lease with the Port covering property commonly referred to as the former General Dynamics Site to increase the premises by approximately 35,720 square feet for property rights necessary to construct improvements supporting the Washington Street Intersection and Access Improvements Project; and

BE IT FURTHER RESOLVED that the Board finds that this Board action is categorically exempt from the California Environmental Quality Act (CEQA) under Section 15301 of the CEQA Guidelines, and is not a "development" as defined by the California Coastal Act, Pub. Res. Code Section 30106.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 2nd day of June, 2011, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
**DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK**

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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