

**GILLESPIE FIELD DEVELOPMENT COUNCIL  
June 16, 2009**

**AGENDA ITEM #6**

**Proposed New Industrial Lease  
for  
Countywide Building Services, LLC**

**BACKGROUND**

On December 5, 1978 (33), the County Board of Supervisors approved a 55-year industrial ground lease for approximately one acre of land at Gillespie Field Industrial Park, identified as Lot 6, Block 2 of Gillespie Field Industrial Park Unit 1. The lease expires December 31, 2033. The leasehold was subsequently assigned multiple times. It was most recently assigned in 2004, to Richard H. Wolfe, Jr. and Patricia A. Wolfe.

This lease was amended in 1983 and 1994 to adjust the rental clause and update lease language. It was most recently amended earlier this year to provide a phased in rent schedule. The leasehold is improved with a one-story, concrete tilt-up industrial building totaling approximately 15,700 square feet. The improvements are approximately 30 years old.

The current Master Lessee desires to assign the leasehold to Countywide Building Services, LLC, who desires a new lease with the County concurrent with the lease assignment subject to typical requirements for a new lease. The transfer and the new lease are contingent on the close of escrow.

**PROPOSED NEW INDUSTRIAL LEASE FOR COUNTYWIDE BUILDING SERVICES, LLC**

Parcel - The Premises will be approximately 1.0 gross acres and 0.98 net acres.

Rent – The initial base monthly rent for the new lease will be based on the same rent schedule as the current lease. Rent is currently \$3,485.37.

Term -- The actual commencement date will be the close of escrow. The new lease will terminate on August 31, 2064. Based on the needs of Countywide Building Services, LLC and the time necessary to obtain Board approval staff assumes September 1, 2009 as the estimated commencement date of the new lease. If escrow is not closed within a prescribed period the current lease will remain in effect.

Required Equity – Countywide Building Services, LLC will pay an equity payment of \$74,791 to the County for the County's postponement of its reversionary interest in the leasehold improvements from the current December 31, 2033 termination date to proposed August 31, 2064 termination date.

Required Leasehold Improvements -- The new proposed lease would require the Lessee make minimum capital investment in the property of approximately \$150,283. This is based on a standard formula, if other required conditions are met, grants one year of lease term for each \$5,000 invested in capital improvements, per acre per year. Since the parcel totals 0.98 net acres, a 30-year, 8 month extension to August 31, 2064 will require \$150,283 ( $\$5,000 \times 0.98 \text{ acres} \times 30.67 \text{ years} = \$150,283$ ). The improvements must be completed within 5 years of lease commencement.

New Lease Form -- The proposed lease will be on the County's new standard industrial lease form, which includes all the current updated language approved by County Counsel.

**RECOMMENDED MOTION**

***“Gillespie Field Development Council recommends that the Board of Supervisors approve the new industrial lease between the County of San Diego and Countywide Building Services, LLC.”***