



Gillespie Field Development Council



A Joint Powers Agreement Between the City of El Cajon and County of San Diego

Airport Administration Building ♦ 1960 Joe Crosson Drive ♦ El Cajon, California 92020-1236 ♦ (619) 956-4800

Robert Parker
Chairman

Jerry Hollingsworth
Councilman

Cliff Leary
Vice Chairman

Phyllis Trombi
Councilwoman

Councilman

DRAFT – SUBJECT TO GFDC APPROVAL November 20, 2007 MINUTES OF September 18, 2007

<u>MEMBERS PRESENT</u>	<u>STAFF PRESENT</u>
Robert Parker	Roger Griffiths
Cliff Leary	Lee Ann Lardy
Phyllis Trombi	Jeff Hebreo
	Reggie Angquico

*For others present, sign-in sheet is available in the Administration Building office.

1. ROLL CALL

Chairman Parker called the meeting to order at 6:04 p.m. Mr. Hollingsworth was not present and Mr. Hurley had recently submitted his resignation.

2. APPROVAL OF MINUTES

Mr. Leary made a motion that the minutes of July 17, 2007 be approved. Ms. Trombi seconded the motion, which passed unanimously.

3. CHAIRMAN'S REPORT

There was no Chairman's report.

4. AIRPORTS DIRECTOR UPDATE

There was no Director's update.

5. AIRPORT MANAGER UPDATE

Mr. Griffiths presented a map of Gillespie Field indicating in orange the next projects for repaving which are planned around 2009-10. He gave an update on the Good Neighbor Program with the following statistics: July's operations count was 29,311 with 26 noise concerns and August's operations count was 27,559 with 33 noise concerns.

6. REAL PROPERTY UPDATE

Ms. Lardy informed everyone that the Safari Aviation lease was approved by the Board of Supervisors and Real Property is currently working on the Marshall Avenue industrial development. Sky Harbor has requested a new lease and a proposal may be presented during the next GFDC meeting.

7. BUDGET REVIEW

Mr. Hebreo gave a budget report on the current financial status of County Airports (please see Fiscal Year 2007-08 AEF Budget handout for breakdown). The Airport Enterprise Fund (AEF) Adopted Budget for Fiscal Year 2007-08 is \$21,092,923. As of September 17, 2007; the AEF Amended Budget is \$49,101,451. The amended budget consists of the adopted budget plus carry-forwards from the previous fiscal year's budget. The Gillespie Field adopted budget is budgeted at a net County gain of \$4,449,469. The majority of the revenue is from rents & leases of \$5,612,319, of which \$937,728 is from aviation leases. The County of San Diego has 8 airports which financially support one another to balance the AEF budget.

Mr. Leary inquired about the status of the \$8.2 million bond money.

Mr. Hebreo replied that the bond money is in the AEF and will be used to pay for projects that are not funded by the Federal Aviation Administration (FAA).

8. MAXIMUM TERM FOR AIRPORT LEASE

Ms. Cindy de Gruchy was concerned about the fifty-year maximum lease term. She stated that this new lease policy was not brought before the GFDC for discussion and that the new term limit would prevent future development.

Ms. Lardy replied that this was not a County Policy. However, County Counsel has reviewed this matter and determined state law prohibits granting aviation leases longer than 50 years. As such, it's been determined that granting an aviation lease to the same entity for a cumulative term longer than 50 years without providing some kind of

opportunity for other interested parties conflicts with this law. Therefore our practice, which must follow applicable laws, is not to continue to grant extensions to the same parties without providing some kind of opportunity to other interested parties. It's not a new law and it's not really a change. This has just started to become an issue as the leases that date back to the development of Gillespie Field are hitting the point where renewals can put them over 50 years.

Mr. Leary inquired as to what would happen at the end of a lease if there were no other interested parties.

Ms. Lardy explained that if there was opportunity but there were no other interested parties, then the lease could be renewed to the same party. County Counsel is concerned with extending leases during the middle of the lease term and extending the lease over the fifty year limit because it does not provide any opportunity to other interested parties.

Ms. Trombi asked what other airports do.

Ms. Lardy replied that a common practice at other airports is to wait until the end of the lease and then conduct a Request For Proposals (RFP) giving opportunities to others. This is because many airports typically have other land available for lease.

Mr. Parker commented that a 50 year limit on leases is a detriment to business improvement at any airport, since it discourages further development as time on the lease shortens. He feels that the law should be reviewed and amended.

9. TRANSFER PREMIUM FEES

Mr. Dick McDowell stated that County Airports collects 5% of one third of the profit of sold hangars; he disagrees with this fee. Mr. McDowell also stated that about 5 years ago, Mr. Kennedy from the FAA stated that it is the FAA's desire for an airport to be self-sufficient and not very profitable.

Mr. Matt Mowery was also concerned about the hangar transfer fee.

Ms. Lardy clarified that the fee applies only to newly constructed hangars.

Mr. Rick Dennis inquired if the transfer fee was to replace the sublease fee and if the transfer fee on long term prepaid subleases will apply to non-commercial leases.

Ms. Lardy explained that there seems to be some confusion between rent and fees. The transfer premium is not a fee. It is part of the rent and represents the County share when a lessee sells their lease and makes a profit. While the lions share of that profit is due to the Lessee's business,

the lease states that a small portion, 5% of the net profit, is due to the County because that business could not exist without the County granting the lease at the Airport.

Ms. Cindy de Gruchy stated she is concerned with fees. She concluded that these fees are unnecessary since County Airports is financially stable.

Ms. Trombi agreed with Mr. McDowell's earlier comments regarding Mr. Kennedy's statement. She asked him if it was possible for rates to go down if an airport was self-sufficient, although Mr. Kennedy said it has not happened, the rates could theoretically stay the same or even go lower. Ms. Trombi added that Gillespie is part of an airport system and there are seven other airports in the system that benefit from Gillespie's contributions to the AEF.

10. NON-MOVEMENT AREA BOUNDARY LINE

Mr. Dick McDowell stated that when he built Safari East, he was given approval to pave a 75 foot area to be used as long as he did not charge for its use. FAA has now required this area be cleared and Chopper 8 has now relocated their operations to the heliport.

Mr. Griffiths explained that the Runway Safety Action Team (RSAT) has required that the non-movement lines be painted and enforced. He stated that if an aircraft with long wings such as a Gulfstream jet were to use Bravo Taxiway; its wings would clip aircrafts that are parking at the end of Safari East hangars. Once the lines are painted, everyone crossing the non-movement lines needs to contact ground control.

11. WAYNE E. BREISE, A SOLE PROPRIETORSHIP PROPOSED SECOND AMENDMENT TO AVIATION LEASE

The Second Amendment to Aviation Lease with Wayne E. Breise will: (i) reduce the leasehold premises to provide for an area of FAA personnel parking adjacent to the Airport Traffic Control Tower; (ii) proportionately adjust the rental amount; (iii) extend the Lease term; (iv) remove the definition of "Net Acreage"; and (v) update lease language regarding compliance with laws, storm water and non-storm water discharges, environmental and ALP compliance, indemnity and insurance, and lease transfer premiums. Staff recommends that the Council adopt the following motion with respect to the proposed Lease Amendment: *"It is recommended that the Board of Supervisors approve the Second Amendment to Aviation Lease with Wayne E. Breise, a sole proprietorship, as recommended by staff."* Ms. Trombi moved that the motion be accepted; it was seconded by Mr. Leary and passed unanimously.

12. OPPORTUNITIES FOR MEMBERS OF THE PUBLIC TO ADDRESS THE GILLESPIE FIELD DEVELOPMENT COUNCIL ON MATTERS NOT PREVIOUSLY DISCUSSED

There was no public comment.

13. OLD BUSINESS

There was no Old Business

14. NEW BUSINESS

There was no New Business.

Mr. Parker adjourned the meeting at 7:24 p.m. The next meeting of the Gillespie Field Development Council will be at 6 p.m., Tuesday, November 20, 2007 in City Council Chambers, 200 E. Main Street, El Cajon.

By _____
Reggie Angquico, Office Support Specialist