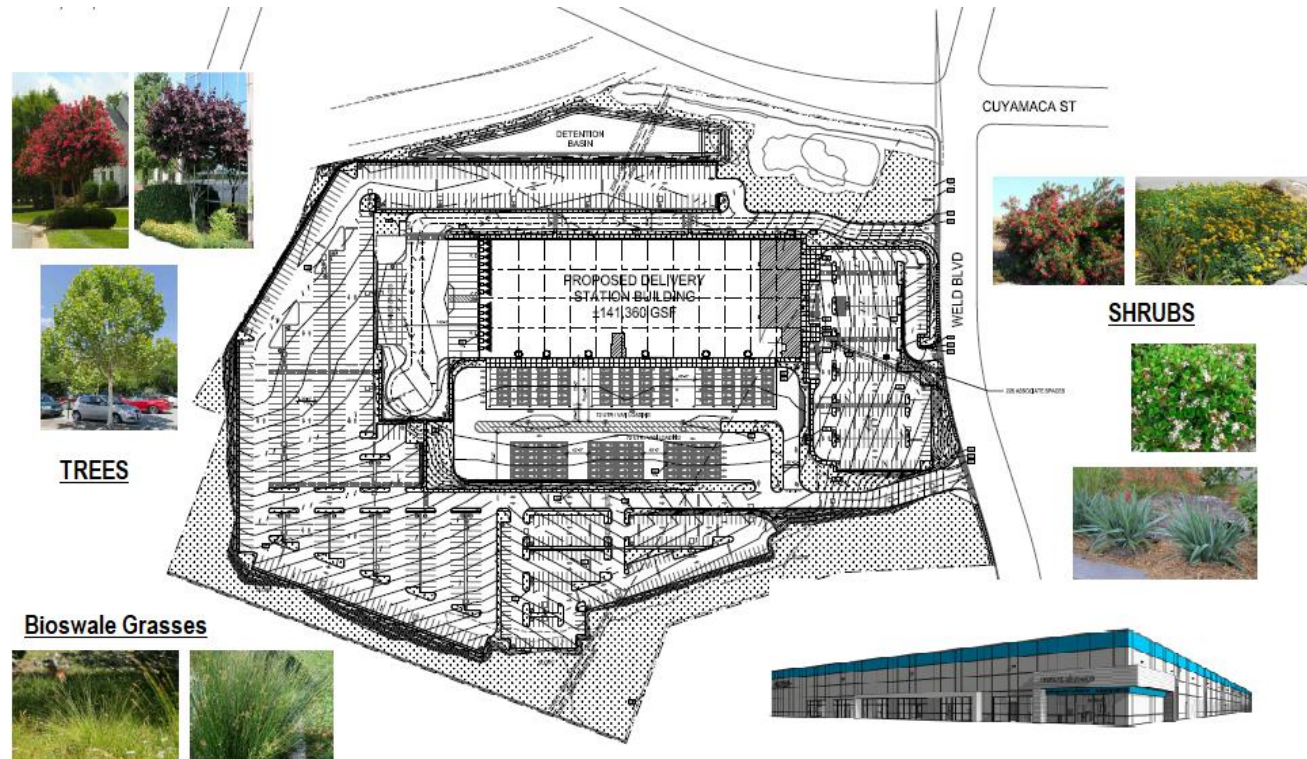


GILLESPIE FIELD DEVELOPMENT COUNCIL

Wednesday, November 18, 2020

AGENDA ITEM #9

NEW 50-YEAR GROUND LEASE WITH SGCLMC-WELD INVESTMENT COMPANY, L.P.



BACKGROUND

County of San Diego Department of Public Works - Airports ("DPW") has a vacant property located at the NW corner of Weld Boulevard and Cuyamaca Street, in El Cajon, CA. DPW and SGCLMC-WELD Investment Company, L.P., a California Limited Partnership, have negotiated terms of a ground lease for a potential development of a "last-mile" distribution center for a Fortune 500 Technology and E-Commerce company, with a target opening date in early 2022. This distribution center will facilitate the sorting and loading of packages for local delivery via small vans, while also creating 400 new permanent jobs for East County and generating revenues for the County's Airport Enterprise Fund. The project is designed to be consistent with the adopted Airport Land Use Compatibility Plan for Gillespie Field and complies with all requirements of the Federal Aviation Administration for construction on the site.

PROPOSED LEASE

The preliminary lease terms for the project are as summarized below:

Size and Use – The property is approximately 31 acres. The project scope is to develop a new 141,360-square foot, single-story concrete tilt-up warehouse/distribution facility with an associated office support area of 16,825 square feet. The main building entrance will be enhanced with storefront glazing systems and entry canopies, and the project would include 15 truck dock positions along with 13 truck trailer parking stalls. Associate vehicular parking, personal van parking, and fleet van parking would also be provided.

Term and Rent – the proposed lease has a term of 50 years, with initial base rent of Thirty-Five Thousand Dollars and No Cents (\$35,000.00) per month. Rent would be payable starting on the date of issuance of the first Certificate of Occupancy by City of El Cajon for any portion of the Premises, or

January 1, 2023, whichever would occur earlier. Rent would be subject to consistent adjustments: every five years, to reflect increases in the cost of living (by between 10% and 16.25%); and, on the 25th anniversary of the lease commencement date, based on appraisal (not to exceed an increase of 25% over the of the rent in effect prior to such adjustment).

Required Leasehold Improvements and Environmental Sustainability – the lease would require SGCLMC-WELD Investment Company, L.P. to make capital investment in the property at a minimum cost of \$20,000,000, in addition to ensuring that certain sustainability measures are met including, at a minimum:

- (1) Building designed to meet Leadership in Energy and Environmental Design (LEED) standards for distribution facilities;
- (2) 2019 Building Energy Efficiency Standards of the California Code of Regulations: Title 24;
- (3) Cool roof that complies with the Solar Reflective Index (SRI) and may include Solar arrays;
- (4) Infrastructure for EV charging stations;
- (5) Water management planning will be implemented throughout:
 - a. water efficient fixtures
 - b. efficiency in building operation systems for cooling and heating
 - c. irrigation and landscaping conservation methods
- (6) The products and services utilized in the development will follow sustainable "best practices" including:
 - a. construction waste recycling
 - b. low VOC and non-toxic paints and interior finishes
 - c. use of low flow plumbing fixtures, and reduced water for irrigation of landscape areas
- (7) Sustainable practices in the construction and operation of the premises:
 - a. habitat protection
 - b. rainwater management
 - c. reductions of heat island, outdoor water use, and light pollution
 - d. energy performance optimization
 - e. renewable energy and carbon offset usage
 - f. indoor air quality management

RECOMMENDED MOTION

“Gillespie Field Development Council recommends the Board of Supervisors approve the proposed new Ground Lease with SGCLMC-WELD Investment Company, L.P., a California Limited Partnership, as recommended by staff.”