

GILLESPIE FIELD DEVELOPMENT COUNCIL

Wednesday, March 15, 2017

AGENDA ITEM #9

SAN DIEGO AIR AND SPACE MUSEUM PROPOSED NEW LEASE



BACKGROUND

On October 13, 1992 (8), the County Board of Supervisors (BOS), on the recommendation of the Gillespie Field Development Council (GFDC), approved a 25-year aviation lease with San Diego Air and Space Museum (SDASM). This lease (outlined in red) is scheduled to terminate on September 30, 2017. Under the current lease, this non-profit aviation museum pays \$1.00 per year in rent, which was approved by the Federal Aviation Administration (FAA) and the BOS as recommended by GFDC. SDASM has been a leaseholder on the premises since 1983, having been issued three consecutive 3-year leases, also approved by the BOS, prior to issuance of the current lease.

County and SDASM were seeking to negotiate a new 16-year lease at the same \$1.00 per year rent. This is the maximum that would be allowed under State law, as this would equate to a combined 50-year term, considering continuous lease by SDASM without open-market opportunity for other potentially interested leaseholders. Such a nominal rent lease would

require the approval of the Federal Aviation Administration (FAA) and the BOS. Based on current airfield development and market conditions/forecasts for Gillespie Field, the FAA objected to issuance of the proposed \$1.00 per year lease, and suggested a lease closer to market rent and for a term not to exceed five (5) years. As such, County and SDASM have negotiated the following key terms for a lease agreement, which have been approved by the FAA. County and SDASM can revisit this matter before the lease expires in five (5) years.

PROPOSED NEW LEASE

Commencement Date – The commencement date of the new lease would be October 1, 2017.

Term – Five (5) years, terminating on September 30, 2022

Area – 3.256 acres

Rent – \$2,800.00 per month, which is approximately 80% of the market rate currently being paid by other aviation leaseholders at Gillespie Field.

FAA Approval – FAA concurrence for this reduced cost lease, granted in February 2017, is permitted by the FAA Airport Compliance Manual (Order 5190.6B), section 17.16 (a) which states, “A sponsor may charge reduced rental rates to aviation museums...to the extent that civil aviation receives reasonable tangible or intangible benefits from such use.”

RECOMMENDED MOTION

“Gillespie Field Development Council recommends the Board of Supervisors approve the proposed new Aviation Museum Ground Lease with San Diego Air & Space Museum, as recommended by staff.”