

DATE ISSUED: June 5, 2002

REPORT NO. 02-136

ATTENTION: LU&H Committee
Agenda of June 12, 2002

SUBJECT: Request for Proposals for Short-Term Leasing of Two Parcels at Brown Field Airport

SUMMARY

Issue - The City Manager's staff is seeking authorization to issue a Request for Proposals (RFP) to lease two vacant parcels containing a total of 15.38 acres at Brown Field Airport on an interim basis for airport compatible activities.

Manager's Recommendation - Authorize City Manager's staff to issue an RFP and enter into lease negotiations with potential tenants.

Other Recommendations – None

Fiscal Impact - None with this action. It is anticipated the Airports Enterprise Fund should receive at least \$300,000 per year in rent from the two parcels, based upon values established in a recent appraisal.

BACKGROUND

City staff has identified two vacant parcels located on the north side of Brown Field Airport on Pogo Row (see attached map) which are immediately available to lease. Site "A" consists of approximately 7.38 net acres previously leased to BF Goodrich/Rohr Industries as an engine test facility. It has several buildings, modular trailer buildings, and two cranes. Approximately 90 percent of the site is paved with a concrete surface and chain link fencing surrounds the entire site. Electrical and telephone service is available, but water, sewer, and natural gas lines have not been extended to the site. There are also existing fuel tanks that Goodrich is required to remove and certify that the soil is clean

Site “B” consists of approximately 8 net acres of which approximately 2 acres was previously leased as a gravel yard and the remainder leased for outside storage. There are no permanent structures on the site and some portions have gravel ground cover. Electrical and telephone service are available, but water, sewer, and natural gas lines have not been extended to the site.

Goodrich is responsible for removing all of their improvements from Site “A”. Goodrich has proposed leaving the improvements in place while the City markets the property to companies interested in operating an engine test facility. Goodrich would transfer in the air credits to the City (valued at \$200,000 – \$225,000), provide technical support and contribute all of their computers and technical testing equipment. Once expired, air credit permits would be virtually impossible to renew. Keeping the air credits current could increase the value of the property, as this facility is the only one of its kind on the West Coast. Once the underground tanks are removed, fuel could be brought to the site in transport trucks sufficient to conduct engine tests. As this is a unique aviation related facility, the City would like to solicit proposals to determine the feasibility of continuing the operation. If there is not sufficient interest in this type of use, Goodrich will remove all of the improvements and equipment from the site at no cost to the City.

DISCUSSION

As to Site “A”, staff will solicit proposals for both an aviation related use as outlined above, but also for other compatible uses. Aviation uses will be given priority. As to Site “B”, staff is proposing to lease this parcel on an interim basis for three years with two one-year options for appropriate and compatible activities including commercial, industrial, or storage. The surrounding uses are primarily truck and vehicle storage. This has proven to be a compatible airport use, as the land on the north side of the airport property is currently in excess of the aviation demand.

For a number of years, the Otay Mesa Planning Group, the local business community, and others have requested that any new leases at the airport comply with the Otay Mesa Development District (OMDD) guidelines. This matter was discussed in depth at the Land Use and Housing Committee meeting of September 15, 1999. At that time, it was contemplated that a subchapter would be adopted to include specific design guidelines for the airport based upon unique aviation issues. This occurred as part of the San Diego Air Commerce Center (SANDACC) project, which was not approved by the Mayor and Council. Portions of the existing OMDD discuss irrigation, landscape, lighting, and signs that could conflict with safe airport operations.

As previously mentioned, electric and telephone service are available to Sites “A” and “B”, however, water, sewer, and natural gas lines have not been extended to the north side of Brown Field. Preliminary cost estimates to introduce these utilities is approximately \$30 million dollars.

The Airport Enterprise Fund annual budget is unable to fund these types of capital improvements at this time. As a result, it is not feasible for these short-term leases to comply strictly with all of the provisions of the OMDD. However, through the negotiation process, staff will ensure that the new leases comply with the intent of the OMDD to the greatest extent possible.

Respectfully submitted,

William T. Griffith
Real Estate Assets Director

Approved: Bruce Herring
Deputy City Manager

GRIFFITH/TLM

Note: The attachment is not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachment: Site Map