AIRPORTS ADVISORY COMMITTEE

Meeting Notice and Agenda

Wednesday, November 12, 2025, at 3:00 p.m.
Location: Terminal Montgomery-Gibbs Executive Airport
3750 John J. Montgomery Drive, San Diego, CA 92123

Chair**:** Peter Doft | Vice Chair: David Gordon

Committee Members: Gary List, Shawn Ellis, Ron Lee, Donald Chick, Chase M. Franzen, Rob M. Hixson, Melissa Johnston, Richard Ram, Cindy Scott , Jason Ponchetti, and non-voting member Joel Ryan.

Committee Liaison: Jorge Rubio, A.A.E.

Public Participation Instructions:
Members of the public may participate and provide comment in person, via telephone, the virtual platform, using the webform or e-mail submission as follows:

In Person Testimony:
If you wish to address the Committee on an item on today's agenda, please complete and submit a speaker form before the Committee hears the agenda item. You will be called at the time the item is heard.

If you wish to address the Committee during non-agenda public comment, please complete and submit a speaker form. However, California's open meeting laws do not permit the Committee to discuss or take any action on the matter at today's meeting. At its discretion, the Committee may add the item to a future meeting agenda or refer the matter to staff or committee. Individuals' comments are limited to three minutes per speaker. At the discretion of the Chair, if a large number of people wish to speak on the same item, comments may be limited to a set period of time per item.

Joining the Webinar and Offering Phone-in Testimony
The Airports Advisory Committee meetings will continue to offer the public a virtual participation option using the Zoom Webinar platform. Members of the public can offer public comment on agendized items or during Non-Agenda Public Comment by accessing the meeting online using a desktop computer, laptop, tablet, or Smartphone, or by calling into the meeting using a Smartphone, cellular phone, or land line.

The link to join the Meeting Webinar by computer, tablet, or Smartphone is:
https://sandiego.zoomgov.com/j/1610901879

To join by telephone:
Dial 833 568 8864

When prompted, input **Webinar ID: 161 090 1879**

How to Speak to A Particular Item or During Non-Agenda Public Comment Via Virtual Platform:
When the Chair introduces the item you would like to comment on (or indicates it is time for Non-Agenda Public Comment), raise your hand by either tapping the "Raise Your Hand" button on your computer, tablet, or Smartphone, or by dialing *9 on your phone. You will be taken in the order in which you raised your hand. You may only speak once on a particular item.

When the Committee Liaison indicates it is your turn to speak, unmute your phone by tapping the Unmute button on your computer, tablet or Smartphone, or dial *6 on your phone.

If you are speaking on Non-Agenda Public Comment, please note that California's open meeting laws do not permit the Committee to discuss or take any action on the matter at today's meeting. At its discretion, the Committee may add the item to a future meeting agenda or refer the matter to staff, Subcommittee, or Ad-Hoc Committee. Individuals' comments are limited to three minutes per speaker. At the discretion of the Chair, if a large number of people wish to speak on the same item, comments may be limited to a set period of time per item.

Written Comment through Webform:
Comment on Agenda Items may be submitted using the webform indicating the agenda item number for which you wish to submit your comment. Comments received by the start of the meeting will be distributed to the Committee Members and posted online with the meeting materials. All webform comments are limited to 200 words. Comments received after the start of the meeting but before the item is called will be submitted into the written record for the relevant item.

REQUESTS FOR ACCESSIBILITY MODIFICATIONS OR ACCOMMODATIONS
This information will be made available in alternative formats upon request, as required by the Americans with Disabilities Act (ADA), by contacting Giancarlo Vargas at 858-573-1405 or giancarlov@sandiego.gov. Requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for alternatives to observing meetings and offering public comment as noted above, may be made by contacting Giancarlo Vargas at 858-573-1405 or giancarlov@sandiego.gov. Requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for auxiliary aids, services, or interpreters, require different lead times, ranging from five business days to two weeks. Please keep this in mind and provide as much advance notice as possible in order to ensure availability. The City is committed to resolving accessibility requests swiftly in order to maximize accessibility.

1. **CALL TO ORDER and PLEDGE OF ALLEGIANCE**

2. **ROLL CALL**

3. **NON-AGENDA PUBLIC COMMENT**

4. **APPROVAL OF MINUTES**
   A. October 8, 2025

5. **UNFINISHED BUSINESS – None**

6. **NEW BUSINESS**
   A. Third Amendment to Agreement with Air Center MYF at Montgomery – Gibbs Executive Airport
   - Staff Recommends that the Airports Advisory Committee Recommend to the City Council the following actions:
     - Adopt a resolution declaring that the Third Amendment to the Flat Rate Lease Agreement with Air Center MYF, LLC at Montgomery-Gibbs Executive Airport is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption), which states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The Amendment is also categorically exempt from CEQA pursuant to CEQA Guidelines Section 15301 (Existing Facilities), which consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.
     - Adopt a resolution declaring that the Council of the City of San Diego has determined that an exception to the exemptions as set forth in CEQA Guidelines Section 15300.2 does not apply in that no cumulative impacts were identified; no significant effects on the environment were identified; the project is not adjacent to a scenic highway; no historical resources would be Page 2 of 4 affected by the action; and the project was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code.
     - Adopt a resolution approving the Third Amendment to Flat Rate Lease with Air Center MYF LLC covering 7.77 acres of land located at Montgomery-Gibbs Executive Airport.

   B. Lease Agreement for Alps Hospitality Inc at Montgomery – Gibbs Executive Airport
   - Staff Recommends that the Airports Advisory Committee Recommend to the City Council the following actions
     - A resolution declaring that approval of a Fifty (50)-year Percentage Lease with Alps Hospitality, Inc. covering a hotel project on 19.27 acres of land located at Montgomery-Gibbs Executive Airport, 8110 Aero Drive, San Diego, CA 92123 and Consent to a Thirty-Four (34)-Year Sublease with 8110 Aero Solar LLC for the installation and operation of a solar panel system is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections

15301 (Existing Facilities), which allows the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use; 15302 (Replacement or Reconstruction), which allows replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced; 15304 (Minor Alterations to Land), which allows minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry or agricultural purposes; and 15311 (Accessory Structures) which consists of the construction, or placement of minor structures accessory to (appurtenant to) existing commercial, industrial, or institutional facilities.

- A resolution declaring that the Council of the City of San Diego has determined that an exception to the exemption as set forth in CEQA Guidelines Section 15300.2 does not apply.
- A resolution declaring that approval of a Fifty (50)-year Percentage Lease with Alps Hospitality, Inc. covering a hotel project on 19.27 acres of land located at Montgomery-Gibbs Executive Airport, 8110 Aero Drive, San Diego, CA 92123 and Consent to a Thirty-Four (34)-Year Sublease with 8110 Aero Solar LLC for the installation and operation of a solar panel system is statutorily exempt from CEQA pursuant to CEQA Section 21080.35, which exempts the installation of a solar energy system, including all associated equipment, on the roof of an existing building or at an existing parking lot.
- A resolution approving (i) a Fifty (50)-year Percentage Lease with Alps Hospitality, Inc. covering a hotel project on 19.27 acres of land located at Montgomery-Gibbs Executive Airport, 8110 Aero Drive, San Diego, CA 92123; and (ii) a Thirty-Four (34)-Year Sublease with 8110 Aero Solar LLC for the installation and operation of a solar panel system on the leased premises

7. INFORMATIONAL ITEMS

A. Staff Reports

B. Other Reports

- Monthly Airport Operations Reports – October 2025*
- Monthly Noise Management Report – September 2025
- Monthly Noise Management Report – October 2025
- Airports Projects Status Report – November 2025

**To be provided at the meeting*

8. COMMITTEE COMMENTS

9. ADJOURNMENT

CITY OF SAN DIEGO
AIRPORTS ADVISORY COMMITTEE
Draft MINUTES
Meeting of October 8, 2025
Brown Field Municipal Airport
1424 Continental St, San Diego, CA 92154

1. CALL TO ORDER and PLEDGE OF ALLEGIANCE

Chair Doft called the meeting to order at 3:18 p.m.

2. ROLL CALL

A quorum was present.

MEMBERS PRESENT:	MEMBERS ABSENT:
Chair Peter S. Doft Special Expertise Representative	Richard Ram* Serra Mesa Community
Vice Chair David Gordon Special Expertise	Joel Ryan* FAA Air Traffic Control Tower
Donald Chick Tierrasanta Representative	Ron Lee** Brown Field Aviation User Group
Gary List Brown Field Aviation User Group	Cindy Scott** Navajo Community Representative
Chase Franzen Kearny Mesa Representative	Melissa Johnston** Montgomery-Gibbs Aviation Lessees Representative
Shawn Ellis Montgomery-Gibbs Aviation User Group Representative	Rob M. Hixson** Otay Mesa Representative
Jason Ponchetti Brown Field Aviation Lessees Representative	

* Absent
**Excused

STAFF PRESENT:

Jorge Rubio, David Reed, Andrew Schwartz, Jennifer Bearse, Cheryl Mossa, Debbie Shauger, Latesha Newell, Hannah Sax, and Giancarlo Vargas.

3. NON-AGENDA PUBLIC COMMENT

- Joel and Christina Coppedge, residents of the Serra Mesa area, had concerns regarding noise from aircraft flying in the area.

4. APPROVAL OF MINUTES

A. Minutes from the September 10, 2025 meeting.
Member Franzen made a motion to approve the minutes as written. Member Chick seconded the motion. seven members voted in favor. Motion passed unanimously.

5. UNFINISHED BUSINESS

None

6. NEW BUSINESS

None

7. INFORMATIONAL ITEMS

A. Staff Reports

Chief of Airports - Jorge Rubio, A.A.E.

- The Brown Field Airport Master Plan was approved and adopted by City Council on Tuesday September 30, 2025. Montgomery-Gibbs Executive Airport (MYF) Master Plan to follow.
- Staff is addressing pavement issues at MYF. Ramps were originally built over clay and are not in optimal condition.
- Staff is currently drafting the next Airports Capital Improvement Program.
- Implementation of the Airport Permit Parking has been successful.
- Regarding the Federal Government shutdown, ATC and Customs and Border Protection (CBP) aircraft inspection services still active. A big thank you goes out to our Control Tower staff for continuing to work.
-

Brown Field Airport (SDM) – Mr. Andrew Schwartz, SDM Airport Manager

- Andy welcomed all the AAC members, AAC Attendees and Airport staff that made it out to Brown Field to attend the meeting.
- 6,904 operations in the month of September.

Montgomery-Gibbs Executive Airport (MYF) – Mr. Charles Broadbent, MYF Airport Manager

- There were 32,000 operations in September.
- Contractor is conducting a full mow at MYF.
- Airfields markings refresh is scheduled for October 16, 2025, 9:00PM-5:00AM on Taxiway A, Run-up for Runway 28R, Taxiway Bravo, Transient ramp and position reporting points 1-6.
- Caltrans Division of Aeronautics Airport (5010) inspection is scheduled for October 16, 2025.
- The recruitment for Airport Operations has closed. Interviews are to be scheduled for the week of October 20,2025.
- Emergency asphalt repairs are in the works.

Airports Lease Administration – Jennifer Bearse, Program Manager

- The construction of Fixed Based Operator (FBO) with San Diego Airpark is underway. Continue to have discussions on development of other parcels.
- Staff is negotiating a three year lease with San Diego Airpark (SDA) for 10-acre parcel for truck parking.
- Staff is negotiating a 3-year lease with SDA for 1.8-acre parcel for vehicle mechanics' shop. Appraisal is being obtained.
- Staff is working with CAO on legal action against AERO-ABRE related to environmental remediation and underpayment of rent.
- Staff is working on a Lease with SDA and a Memorandum of Understanding (MOU) with Customs and Border Patrol (CBP) to allow for CBP operations in FBO facilities.
- Experimental Aircraft Association (EAA) to exercise option to extend the size of the leasehold. EAA will be submitting a permit application to Development Services

Department (DSD) for construction of additional hangars. Staff is working with EAA and SDA on creating a right of way across both leaseholds for utilities and access.

- A new lease for San Diego Community College District (SDCCD) for construction of new hangar and facilities is underway. The Draft Lease is being reviewed by SDCCD. Appraisal has been ordered.
- Corporate Helicopters lease commenced March 8, 2025. Tenant is still working with DSD to process plans for the proposed development. Submitted CATEX Application to FAA for NEPA. Working with Corporate Helicopters on a lease amendment. Draft lease amendment has been reviewed by CAO. Draft appraisal is being reviewed by staff.
- Staff is working with Executive Airpark on draft lease amendment to remove triangular-shaped parcel. Draft lease amendment being finalized for execution.
- Staff is working with Crown Air on new, longer-term agreement for transit ramp parking. Draft lease is being reviewed by Crown Air. Draft appraisal is being reviewed by staff.
- We have drafted an amendment to the CrownAir lease to provide for financing of the Executive Airpark leasehold. Draft lease amendment being finalized for execution.
- An appraisal has been completed for the Casa Machado Restaurant space. Existing lease with the restaurant expires in December 2025.
- Staff has drafted new lease with Advanced Aircraft.
- Appraisal is being obtained for small area of land proposed for additional aircraft parking for Sorbi Aircraft Maintenance.
- Staff has finalized the deposit process for the Lot 8A hangar and Terminal Ramp tiedown waiting list. Correspondence to be sent to all individuals in the coming week.
- A new lease for Alps Hospitality Group being reviewed by Alps, which includes a consent to Sublease and SDNA for a solar project at 8110 Aero Dr. Hotel. Draft lease being finalized for execution.
- Engineering and Capital Projects Department & Transportation Department will be leasing all vacant space at 8525 and 8575 Gibbs Dr. Planning the 8575 building for occupancy in November, and the 8525 building for occupancy in early 2026.
- A draft amendment and new lease for existing Lessee (Clown Market) to lease an additional 2,300 sq. Ft. and relocate liquor store has been reviewed by CAO and is being reviewed by the Tenant. Lessee to retain existing space for separate ice cream and water business.
- An appraisal of the fair rental value for the retail center is being finalized.
- Currently evaluating a prospect for a potential lease in Suite 105 (former restaurant space), measuring approximately 3,200 sf.

B. Other Reports
None

8. COMMITTEE COMMENTS
None

9. ADJOURNMENT
The meeting adjourned at 4:11 p.m. Next meeting will be November 12, 2025.

Respectfully submitted,

Giancarlo Vargas
Administrative Aide 1

The City of San Diego

Staff Report

DATE ISSUED:	10/14/2025	
TO:	City Council	
FROM:	Economic Development Department	
SUBJECT:	Third Amendment to Flat Rate Lease Agreement with Air Center MYF, LLC Covering 7.77 Acres at Montgomery-Gibbs Executive Airport	
Primary Contact:	Christina Bibler	Phone: (619) 236-6421
Secondary Contact:	Jennifer Bearse	Phone: (858)573-1485

Council District(s): 7

OVERVIEW:

This action is to approve a Third Amendment to the Flat Rate Lease with Air Center MYF LLC (Lessee) covering approximately 7.77 acres of land located at Montgomery-Gibbs Executive Airport.

The Third Amendment to the Flat Rate Lease Agreement aims to address several key aspects, including the adjustment of lease terms, extension of deadlines, and commitments to capital improvements. This amendment is crucial in facilitating the development and modernization efforts at Montgomery-Gibbs Executive Airport, ensuring the site's potential is fully realized.

PROPOSED ACTIONS:

A. Adopt a resolution declaring that approval of the Third Amendment to Flat Rate Lease with Air Center MYF LLC covering 7.77 acres of land located at Montgomery-Gibbs Executive Airport, San Diego, CA 92123 a (Environmental Determination to be completed by Planning Department).
B. Adopt a resolution declaring that the Third Amendment to the Flat Rate Lease Agreement with Air Center MYF, LLC at Montgomery-Gibbs Executive Airport is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption), which states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The Amendment is also categorically exempt from CEQA pursuant to CEQA Guidelines Section 15301 (Existing Facilities), which consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.

C. Adopt a resolution declaring that the Council of the City of San Diego has determined that an exception to the exemptions as set forth in CEQA Guidelines Section 15300.2 does not apply in that no cumulative impacts were identified; no significant effects on the environment were identified; the project is not adjacent to a scenic highway; no historical resources would be affected by the action; and the project was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code.

D. Adopt a resolution approving the Third Amendment to Flat Rate Lease with Air Center MYF LLC covering 7.77 acres of land located at Montgomery-Gibbs Executive Airport.

DISCUSSION OF ITEM:

Pursuant to that certain Flat Rate Parcel Ground Lease between City and Lessee, on file with the San Diego City Clerk as Document No. RR-311540 ("Lease"), City leased Parcel 1 to Lessee and provided Lessee with the option to add Parcel 2 and/or Parcel 3 to the Premises within seven (7) years of the Commencement Date. The Lease provided that the term was to commence on the first day of occupancy by the Lessee, but no later than two years from the effective date of the Lease (March 8, 2020). This date is defined in the Lease as the "Commencement Date".

On April 7, 2020, City and Lessee agreed to amend the Lease and entered into the First Amendment to Flat Rate Parcel Ground Lease between City and Lessee, on file with the San Diego City Clerk as Document No. RR-312911 ("First Amendment"). Among other things, the First Amendment extended the deadline for Lease's Commencement Date from two years after the Lease's effective date to four years after the effective date (to no later than March 8, 2022).

On May 17, 2022, City and Lessee agreed to further amend the lease and entered into the Second Amendment to Flat Rate Parcel Ground Lease between City and Lessee, on file with the San Diego City Clerk as Document No. RR-314101 ("Second Amendment"). Among other things, the Second Amendment further extended the Lease's Commencement Date to up to six years after the effective date (to no later than March 8, 2025). As consideration for extending the deadline for the Lease Commencement Date to six (6) years from the effective date of the Lease, Lessee agreed to invest a minimum of $6 million in capital improvements for Parcel 1.

Although the Lessee has not yet obtained all required permits from the City or received FAA approval, the lease term commenced on March 8, 2025, and the Lessee began making the monthly rent payments for Parcel 1. Lessee has requested a further and final two (2) year extension of the Lease's Commencement Date, to no later than March 8, 2027, to allow time for Lessee to secure all necessary permits and approvals to develop the Premises.

On June 4, 2025, Lessee notified the City that it wished to exercise its option to add Parcel 2 and Parcel 3 to the Premises. As part of the consideration to the City to agreeing to again extend the Lease's Commencement Date, the Lessee has also agreed to revise the General Development Plan for the Premises to increase Lessee's minimum investment in to Premises from $10 million to a minimum of $15 million in capital improvements.

Although the Lessee has not obtained the final building and grading permits from Development Services Department, it anticipates receiving approval by March 2026. The Lessee has obtained an extension to the building permit application to March 26, 2026, and grading permit applications to October 6, 2027. These permit applications would have expired in September 2025.

A National Environmental Policy Act (NEPA) Categorical Exclusion (CATEX) application has been submitted to the FAA for their review. Should the FAA approve a CATEX, the FAA approval could only take a few months, however, should the FAA require an Environmental Assessment with public involvement, that process could take approximately two years.

Pursuant to Council Policy 700-10, Airports obtained an appraisal of the 7.77-acre parcel to determine the current fair rental value of the premises. The appraiser determined that the fair rental value of the premises is $148,938 per year or $12,411.50 per month.

In order to facilitate Lessee's development of the Premises, memorialize Lessee's exercise of the option to add Parcel 2 and Parcel 3 to the Premises, and to expedite the development of all three of the Parcels now part of the Premises, Airports recommends approving the Third Amendment to the Lease attached to this Staff Report as Attachment 1.

City Strategic Plan Goal(s)/Objective(s):
Goal #3: Create and sustain a resilient and economically prosperous City with opportunity in every community. This action relates to this objective by creating both temporary and permanent employment opportunities for San Diegans.

Objective #1: Create dynamic neighborhoods that incorporate mobility, connectivity, and sustainability. This action relates to this objective by increasing efficient, safe, and convenient air transportation and infrastructure options for San Diegans.

Fiscal Considerations:
The new rent revenue to the Airport Management Enterprise Fund expected in the first year of the Lease, following the Commencement Date, is $148,938. The annual rent is subject to periodic inflation and market rate adjustments. All rent is required to be deposited into the Airports Enterprise Fund.

The Airports Enterprise Fund will also receive additional revenue of 2% of the value of all consideration payable on the assignment of the Lease, a major sublease or on the full sale price for any buildings or hangars that are sold during the term.

Charter Section 225 Disclosure of Business Interests:
Air Center MYF is fully owned by:
Deann Shier, San Diego
Ivor Shier, San Diego

Environmental Impact:
The City of San Diego has concluded that the actions stated above will not result in a significant effect on the environment pursuant to CEQA Guidelines Section 15061(b)(2) and (3), which support the application of a categorical exemption by the lead agency after it has determined that the activity is a project subject to CEQA. The action authorizing the Mayor or his designee to execute the Third Amendment to the Flat Rate Lease Agreement with Air Center MYF, LLC at Montgomery-Gibbs Executive Airport meets the criteria set forth in CEQA Guidelines Section 15301 (Existing Facilities) which consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.

Further, the execution and implementation of the amended lease is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it is covered under the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The application of these exemptions is appropriate and is not barred by any of the exceptions set forth in CEQA Guidelines Section 15300.2 in that no cumulative impacts were identified; no significant effects on the environment were identified; the property is not adjacent to a scenic highway; no historical resources would be affected by the action, and the property was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code. Furthermore, pursuant to CEQA Guidelines Section 15352(a), approval of this lease amendment and associated discretionary actions does not constitute approval of any future development. Formal approval of a future project will occur once an application is submitted to the City's Development Services Department, and an environmental review has been completed in accordance with the provisions of the City's Land Development Code and CEQA Guidelines Section 15004, which provides direction to lead agencies on the appropriate timing for environmental review.

Climate Action Plan Implementation:

N/A-Does not have connection to the CAP.

Equal Opportunity Contracting Information (if applicable):

Previous Council and/or Committee Actions:
The Lease was approved by the City Council on February 13, 2018. The First Amendment to Lease was approved by City Council on April 9, 2020. The Second Amendment to Lease was approved by City Council on May 17, 2022.

This item will be heard at Economic Development and Intergovernmental Relations Committee prior to Council.

Key Stakeholders and Community Outreach Efforts:

The Third Amendment will be scheduled for review at the Airports Advisory Committee public meeting.

Christina Bibler	Casey Smith
Department Director	Deputy Chief Operating Officer

Attachments:
Attachment 1 – Third Amendment to Lease
Attachment 2 – Market Rent Appraisal

The City of San Diego

Staff Report

DATE ISSUED: 10/20/25

TO: City Council

FROM: Economic Development Department

SUBJECT: Approval of a Fifty (50)-year Percentage Lease with Alps Hospitality, Inc. covering a hotel project on 19.27 acres of land located at Montgomery-Gibbs Executive Airport, 8110 Aero Drive, San Diego, CA 92123 and Consent to a Thirty-Four (34)-Year Sublease with 8110 Aero Solar LLC for the installation and operation of a solar panel system on approximately two (2) acres of land and on the hotel rooftop.

Primary Contact:	Christina Bibler	Phone: (619) 236-6421
Secondary Contact:	Jennifer Bearse	Phone: (858) 573-1485

Council District(s): 7

OVERVIEW:
This action is to approve a Fifty (50)-year Percentage Lease with Alps Hospitality, Inc. covering a hotel project on 19.27 acres of land located at Montgomery-Gibbs Executive Airport, 8110 Aero Drive, San Diego, CA 92123 and a Consent to a Thirty-Four (34)-Year Sublease with 8110 Aero Solar LLC for the installation and operation of a solar panel system on approximately two (2) acres of land and on the hotel rooftop.

PROPOSED ACTIONS:

A. A resolution declaring that approval of a Fifty (50)-year Percentage Lease with Alps Hospitality, Inc. covering a hotel project on 19.27 acres of land located at Montgomery-Gibbs Executive Airport, 8110 Aero Drive, San Diego, CA 92123 and Consent to a Thirty-Four (34)-Year Sublease with 8110 Aero Solar LLC for the installation and operation of a solar panel system is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15301 (Existing Facilities), which allows the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use; 15302 (Replacement or Reconstruction), which allows replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced; 15304 (Minor Alterations to Land), which allows minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry or agricultural purposes; and 15311 (Accessory Structures) which consists of the construction, or placement of minor structures accessory to (appurtenant to) existing commercial, industrial, or institutional facilities.

B. A resolution declaring that the Council of the City of San Diego has determined that an exception to the exemption as set forth in CEQA Guidelines Section 15300.2 does not apply.

C. A resolution declaring that approval of a Fifty (50)-year Percentage Lease with Alps Hospitality, Inc. covering a hotel project on 19.27 acres of land located at Montgomery-Gibbs Executive Airport, 8110 Aero Drive, San Diego, CA 92123 and Consent to a Thirty-Four (34)-Year Sublease with 8110 Aero Solar LLC for the installation and operation of a solar panel system is statutorily exempt from CEQA pursuant to CEQA Section 21080.35, which exempts the installation of a solar energy system, including all associated equipment, on the roof of an existing building or at an existing parking lot.
D. A resolution approving (i) a Fifty (50)-year Percentage Lease with Alps Hospitality, Inc. covering a hotel project on 19.27 acres of land located at Montgomery-Gibbs Executive Airport, 8110 Aero Drive, San Diego, CA 92123; and (ii) a Thirty-Four (34)-Year Sublease with 8110 Aero Solar LLC for the installation and operation of a solar panel system on the leased premises.

<u>DISCUSSION OF ITEM:</u>
The City owns that certain 19.27-acre parcel of land on which currently exists a Four Points by Sheraton Hotel (the "**Hotel**"), located within the Montgomery-Gibbs Executive Airport property, at 8110 Aero Drive, San Diego, CA 92123 (the "**Premises**"). The City currently leases the Premises to Alps Hospitality, Inc., a California corporation (the "**Lessee**"), as ground lessee and successor by assignment from the former lessee, 8110 Aero Drive Holdings, LLC, a California limited liability company, which itself was the assignee of that certain Percentage Lease dated October 17, 1983, by and between the City and Montgomery Airport Hotel, Ltd., a Texas limited partnership, and filed in the Office of the San Diego City Clerk on October 17, 1983, as Document RR-259434.

<u>Current Lease:</u>
The current lease terminates on April 30, 2052, with 27 years remaining. Current annual rent under the lease is $621,716, which includes minimum rent of approximately $541,000 per year and an additional annual rental amount of $80,716 as consideration for the Second Amendment. The lease also contains provisions for percentage rents. It does not provide for an adjustment to the rent to the fair market value of the land.

In addition, the lease includes a 4.5-acre parcel (Parcel B), within the Premises, that the City reserved the right to recapture if additional hotel rooms were not developed within timeframes specified in the lease. These development timelines were extended several times at the request of the former lessee. Airports held discussions with the former lessee about recapturing Parcel B; however, those negotiations were unsuccessful, and the former lessee threatened litigation to prevent the City from reclaiming Parcel B.

Upon assuming the lease in June 2023, Lessee immediately began making improvements, such as renovating interior and exterior spaces and landscaping, painting structures, refurbishing the golf course, and performing other deferred maintenance, that have all served to increase occupancy and revenue for the Hotel. The hotel's Average Daily Room Rate is $153.38, and occupancy is 79.5% for 2025.

<u>Current Lessee:</u>
The Lessee, Alps Hospitality Inc., has been in the hospitality industry for the past 18 years and, in addition to this project, operates hotels in Milpitas, Carlsbad, and Solana Beach. Lessee was awarded Developer of the Year in 2015 by Intercontinental Hotel Group, a Franchise Group, for its hotel developments in Carlsbad. That development consisted of a Full-Service Holiday Inn and an extended stay Staybridge Suites Hotel constructed on 9.6 acres.

<u>Benefits to the City of Entering into a New Lease:</u>
After the lease was assigned to Alps Hospitality Inc., City initiated discussions with the Lessee about the City's right to recapture Parcel B. During these discussions, the Lessee proposed a new lease that would include Parcel B and would extend the term of the lease. This provided Airports the opportunity to increase the rent to the fair market value of the land and to generate substantial additional revenue for the Airports Enterprise Fund.

The City is expected to receive $1.6 million annually in Transient Occupancy Taxes (TOT) and Tourism Marketing District (TMD) assessments after rent stabilization in 2027, up approximately $600,000 additional from $964,160 totals captured in 2024. The new lease includes standard city requirements and provisions for 2% revenue to the City per Council Policy 700-10 upon any assignment or transfer event. The redevelopment of the hotel site will provide modernized, energy-efficient facilities that will boost not only the experience on the property but align with the City's Climate Action Plan.

Details of the Proposed New Lease:
The Lessee, operating under a franchise agreement with Marriott International, is proposing significant improvements to elevate the existing hotel from a "Marriott Select Brand" to a "Marriott Premium Brand." Specifically, the current Four Points by Sheraton will be rebranded as a Tribute Portfolio property, to be named "The Enclave at Montgomery". This transition aligns the property with other Marriott Premium Brands such as Westin Hotels & Resorts, and Renaissance Hotels.

According to the Lessee, the stated vision is: "The Enclave at Montgomery is envisioned as a tribute to the golden age of travel, deeply rooted in the history of Montgomery Field and its pivotal role during the 1940s. The upgraded hotel will reflect the Airport's legacy as a symbol of resilience and progress."

Designed to serve business travelers, visiting families, and residents alike, the hotel will offer upscale, resort-style amenities including 20,000 square feet of flexible meeting space, a TopGolf Swing Suite, a 9-hole executive golf course, and multiple pickleball courts.

Due to the significant investment and commitment to rejuvenate the Premises, the proposed new Lease provides Lessee with a fifty-year (50-year) lease term rather that the remaining 27 years in the existing lease as additional consideration for the improvements totaling a minimum of $8,000,000. These improvements will also provide the Airports Enterprise Fund with additional revenues from increased occupancy rates and percentage rents. A summary of the proposed improvements can be found here:

1. Total renovation of 223 guest rooms.
2. Replacement of all finishes, furniture, fixtures and equipment.
3. Patio additions to ground floor, pool-facing rooms.
4. Lobby enhancements.
5. Fitness Center expansion and upgrade.
6. Renovation of main restaurant, including Zero Emissions Municipal Buildings and Operations Policy (ZEMBOP) compliant improvements.
7. Modernization of all restrooms.
8. Modernization of banquet areas.
9. Installation of advanced golf simulation technology.
10. Pool and Deck Resurfacing.
11. Renovation of 9-hole golf course.
12. Installation of four new pickleball courts.

Rent Structure and Deferred Rent Loan
The minimum rent for the 19.27-acre property was appraised at $1,890,000. This is an increase of approximately $1.3 million more than the current minimum rent. The lease also includes provisions for the payment of percentage rent. Percentage rent rates were set and confirmed to be at or above market by the recent appraisal.

During the 24-month redevelopment period of the hotel, hotel revenue is expected to temporarily decline as occupancy will also be reduced due to ongoing construction. To support Lessee's efforts to complete the Project, Landlord agrees to defer a portion of the new Minimum Annual Rent, in the amount of $890,000 ($74,167 per month) for the first 40 months of the Term, repayable with interest from the 41st month over a payback period of 10 years (the "**Deferred Rent Loan**"). As set forth in this Lease and the promissory note attached as Exhibit C to the lease ("**Note**"), the Deferred Rent Loan will be a *bona fide* loan, bearing interest at 8% per annum, compounded monthly, which the Parties agree is intended to reflect a fair market interest rate. This rent payment structure is the "cash equivalent" to receiving $1,890,000 per year in Minimum Rent. The beginning loan balance after the 40-month deferral period will be $3,409,605, which is the sum of the future values of the monthly deferred rent amount ($74,167 per month) at 8% per annum, compounded monthly.

This lease is compliant with Council Policy 700-10.

Solar Sublease

Lessee is also requesting City to consent to a thirty-four (34)-year Sublease with 8110 Aero Solar LLC for the installation and operation of solar panels on approximately two (2) acres of land and on the hotel rooftop as follows:

Description	**Area**
Solar Panels installed on Carports	981 panels, consisting of 27,000 sq ft.
Solar Panels installed on Rooftop	551 panels, consisting of 15,345 sq. ft.

The investment by 8110 Aero Solar LLC ("Subtenant") will be approximately $5 million in infrastructure improvements and will facilitate the Lessee's compliance with the City's ZEMBOP program by providing renewable, sustainable energy generated from sunlight to the hotel. The consent provides the Subtenant with a non-disturbance and attornment agreement that provides for Subtenant's continued occupancy of the Premises, in the event of a termination of the master Lease before the expiration of the Sublease term.

City Strategic Plan Goal(s)/Objective(s):

This action relates to the Strategic Plan's Priority Area: Foster Local Community Prosperity through its hospitality services for San Diegans and visitors.

This action also relates to the Strategic Plan's Priority Area: Protect and Enrich Neighborhoods by providing visitors and San Diegans with hospitality services.

Fiscal Considerations:

The new minimum rent revenue to the Airport expected in the first year of the Lease is $1 million plus $890,000 in deferred rent. In addition to the minimum rent, Lessee is also required to pay percentage rent. The Lease provides for periodic adjustment to the minimum rent and percentage rent rate adjustments on the sixth (6th) year of the lease term and every ten (10) years thereafter. All rent is required to be deposited into fund 700033, Airports Enterprise. City would also receive an estimated $1.6 million in TOT and TMD assessments collected from the Premises.

Fund 700033, Airports Enterprise, will also receive additional revenue of two percent (2%) of the value of all consideration payable on any assignment or transfer of the Lease.

Surplus Land Act

Staff confirmed with the California Department of Housing and Community Development that the Lease with Lessee is not a "disposition of surplus land" pursuant to Government Code section 54221(d)(1)(B), because the Lease does not contemplate "development or demolition" within the meaning of the Surplus Land Act Guidelines § 102(i)(2). As a result, the Lease is not subject to the Surplus Land Act.

Charter Section 225 Disclosure of Business Interests:

Alps Hospitality, Inc, a California corporation
Sharad Khandwala, President/CEO
8110 Aero Dr
San Diego, CA 92123

8110 Aero Solar LLC is fully owned by Dan Martin:

8110 Aero Solar LLC
Dan Martin, Managing Member
38 Miller Avenue, Suite 11
Mill Valley, CA 94941

Environmental Impact:
This activity is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15301 (Existing Facilities), 15302 (Replacement or Reconstruction), 15304 (Minor Alterations to Land), and 15311 (Accessory Structures). Furthermore, this item is statutorily exempt from CEQA pursuant to CEQA Section 21080.35.

Climate Action Plan Implementation:
This project will facilitate compliance with ZEMBOP.

Equal Opportunity Contracting Information (if applicable):
EOC exempts lease agreements where the City is not the lessee.

Previous Council and/or Committee Actions:
This item will be heard at Committee prior to Council.

Key Stakeholders and Community Outreach Efforts:
This project was conceptually presented at the Airports Advisory Committee meeting in May 2025. The Airports Advisory Committee recommends that City Council approve the recommended motions.

Christina Bibler	Casey Smith
Department Director	Deputy Chief Operating Officer

Monthly Airport Operations Report
October 2025

MONTGOMERY-GIBBS EXECUTIVE AIRPORT

Flight Operations (Month)	Oct-25	Oct-24	% Diff
	30,768	35,018	-12.1%

Flight Operations (CY)	2025 YTD	2024 YTD	% Diff
	320,015	321,965	-0.6%

Flight Operations (FY)	FY26 YTD	FY25 YTD	% Diff
	133,457	137,100	-2.7%

Unleaded AvGas (UL94 Gal)*	Available	Sold Sep-25	Sold FY25 YTD
	555	0	0

Operations Office Revenue	FY26 YTD	FY25 YTD	% Diff
Landing Fees	$12,962.40	$11,260.68	15.1%
Transient A/C Parking	$8,445.31	$7,403.00	14.1%
Monthly A/C Parking	$137,456.51	$141,494.38	-2.9%
Vehicle Parking	$586.00	$478.00	22.6%
Conference Room	$275.00	$820.00	-66.5%
Other	$2,576.36	$2,777.96	-7.3%
Total	$162,301.58	$164,234.02	-1.2%

Based A/C	458

Total Operations 10-Year History	
2024	385,806
2023	321,830
2022	307,188
2021	292,805
2020	276,208
2019	253,090
2018	226,588
2017	207,103
2016	200,676
2015	216,295

* Prices for AvGas and UL94 may vary. For up to date price information visit: https://www.airnav.com/airport/KMYF

BROWN FIELD AIRPORT (Updated numbers to be provided at the meeting)

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Economic Development Department

Monthly Noise Management Report- September 2025

Montgomery Gibbs Executive Airport

Due to ongoing technical difficulties related to the processing of the September and October 2025 noise reports, we regret to inform you that we are currently unable to provide these reports. Our IT team is actively working to resolve the issues, and we are committed to delivering the reports as soon as we are able. We appreciate your patience and understanding.

*Noise Abatement Violations only apply to Montgomery Gibbs Executive Airport as the City ordinance/policy was passed and put into place prior to the Airport Noise and Capacity Act of 1990

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The City of SAN DIEGO Economic Development Department

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The City of SAN DIEGO

Economic Development Department
Airports Division

Projects Progress Update

November 2025

Montgomery-Gibbs Executive Airport (MYF)

- Airports Master Plans
  - Weekly Meetings with Consultant and City Planning Department to streamline Environmental Impact Report updates.
  - Brown Field's Master Plan Approved by City Council on 9/30/25
- MYF Terminal Parking Lot East Rehabilitation
  - 100% Design received
  - Bids due November 20th
- Spiders Lot Pavement Rehabilitation
  - 100% Design received. On hold.
- MYF Terminal Apron Rehabilitation
  - Received Planning Grant for $1,425,000
- Air Center MYF (Corporate Helicopters)
  - Working with Tenant on FAA Environmental documents
- Emergency Ramp and Taxilane/Taxiway Repairs
  - Repairs to taxilane kilo, taxiway hotel, and taxiway golf. Mid-port repairs to begin November 17th

Brown Field Airport (SDM)

- Taxiway Golf, Taxiway Bravo Rehab, Taxiway Charlie (G1) Rehab Realign, Pavement Removal Project
  - Completed 90% Design. Submitted FAA Grant application
  - Received Planning Grant for $1,084,226
- Airport Terminal Roof Replacement
  - Project kick off meeting held 9-16-2024
  - Bids open November 12th and close December 15th
- San Diego Airpark Project
  - Construction Activities on Phase 1 continue.
  - Conducting Phase 2 environmental work on Phase 2 parcels
- Access Control System
  - Bid Evaluation Panel November 19th
- Customs and Border Protection General Aviation Inspections Facility
  - Proposed New Facility would be within new FBO building terminal.