APPRAISAL REPORT
FAIR MARKET RENT APPRAISAL

Of
Sky Harbor Hangars

425 - 545 Kenney St., El Cajon
San Diego County
CA, 92020

As of
November 12, 2024

Prepared For
The County of San Diego,
Departments of General Services Real Estate
and Department of Public Works-Airports
c/o Ms. Eva Stresemann
The County of San Diego
5560 Overland Ave., Suite 410
San Diego, CA, 92123

Prepared by
David Burningham, MAI

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December 28, 2024

The County of San Diego, Departments of General Services Real Estate and Department of Public Works-Airports
c/o Ms. Eva Stresemann
Valuation Project Manager
The County of San Diego
5560 Overland Ave., Suite 410
San Diego, CA 92123

Re: Appraisal Report, Real Estate Appraisal
425 - 545 Kenney St., El Cajon,
San Diego County, CA, 92020

Dear Ms. Stresemann:

I am pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the fair market rent of the property or a lease rate per square foot of hangar space. The client for the assignment is The County of San Diego, Departments of General Services Real Estate and Department of Public Works-Airports c/o Ms. Eva Stresemann, and the intended use is for asset valuation purposes or a fair market rent analysis. The intended user is The County of San Diego, Departments of General Services Real Estate and Department of Public Works-Airports. Please note that this appraisal is not intended for lending purposes. The report cannot legally be used for any other purpose than the above stated use.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations.

To report the assignment results, I use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, I adhere to internal standards for an Appraisal Report – Standard Format. This is a full narrative appraisal report that includes a discussion of the data, reasoning and analysis that were used to develop my opinion of value.

The subject is an existing aviation hangar complex development. The hangars are comprised of a mix of box and T-hangars. The average small T-hangar size is 1,032 SF and the large T-hangars average 1,940 SF in size. The average box hangar size is 4,500 SF. The overall total Rentable Building Area (RBA) is 156,457 square feet. Building A, B, and C improvements were constructed in 1988 and building D, E, F and G improvements were constructed in 1993. The site area is 10.917 acres or 475,545 square feet.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), I have made the following value conclusion(s):

Value Conclusion

Appraisal Premise	Hangar Type	Date of Value	Value Conclusion
Fair Market Rent	Small T-hangars (Bldgs A, B, C, D & E)	November 12, 2024	$0.57 /SF/Mo Gross
Fair Market Rent	Large T-hangars (Bldg F)	November 12, 2024	$0.47 /SF/Mo Gross
Fair Market Rent	Box Hangars (Bldg G)	November 12, 2024	$0.85 /SF/Mo Gross

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false, as of the effective date of the appraisal, I reserve the right to modify my value conclusions.

1. None.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from my estimates, such as (but not limited to) changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, my opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although I am of the opinion that my findings are reasonable based on available evidence, I am not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

From early to mid-2022 to mid-2023 there was an aggressive increase in interest rates to control inflation. Although there has been a recent reduction in the Fed Funds rate, mortgage rates are still relatively elevated as compared to the last 10 Years. My value conclusions are predicated on my understanding of current economic conditions as of the appraisal's date of value.

However, financial and real estate markets are in a state of uncertainty associated with interest rates and inflation. The opinions, conclusions and analysis account for market perceptions based on all available information as of the appraisal report date. Your attention is drawn to Assumptions & Limiting Conditions #17, #26, #27 and #28.

The impact extent of current economic policies on the real estate market is unknown as buyers, sellers, and some market participants may still be hesitant to engage in transactions until there is more economic certainty. I am carefully monitoring transactional data, listings, and other metrics to properly account for any tangible impact on the local real estate market.

If you have any questions or comments, please contact me. Thank you for the opportunity to be of service.

Respectfully submitted,

David Burningham, MAI
Certified General Real Estate Appraiser
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Summary of Important Facts and Conclusions

GENERAL

Subject: 425 - 545 Kenney St., El Cajon,
San Diego County, CA, 92020

The subject is an existing aviation hangar complex development. The hangars are comprised of a mix of box and T-hangars. The average small T-hangar size is 1,032 SF and the large T-hangars average 1,940 SF in size. The average box hangar size is 4,500 SF. The overall total Rentable Building Area (RBA) is 156,457 square feet. Building A, B, and C improvements were constructed in 1988 and building D, E, F and G improvements were constructed in 1993. The site area is 10.917 acres or 475,545 square feet.

Property Owner: County of San Diego

Legal Description: A legal description of the property was not provided.

Date of Report: December 28, 2024

Intended Use: The intended use is for a fair market rent analysis.

Intended User(s): The County of San Diego, Departments of General Services Real Estate and Department of Public Works-Airports

Land:

Land Summary		
Parcel ID	**Gross Land Area (Acres)**	**Gross Land Area (Sq Ft)**
387-190-08 (Por) - 760-231-49-02 Possessory Parcel 387-190-08 (Por) - 760-231-49-03 Possessory Parcel	10.92	475,545
Totals	10.92	475,545
Source: Public records		

Improvements:

Tenant Space Summary		
Building Name/ID	**Year Built**	**Condition**
425 - 545 Kenney St.	1988 for Bldgs A, B and C & 1993 for Bldgs D, E, F and G	Average/Fair

Please see the improvement description for more details

PROPERTY SUMMARY

Zoning:	M; Industrial – The City of El Cajon Transportation/Utilities/Misc. – Safety Zone 5; Gillispie Field ALUCP
Highest and Best Use of the Site:	An aviation industrial use
Highest and Best Use as Improved:	The current use
Type of Value:	Market Value – Fair Market Rent

VALUE INDICATIONS

Value Conclusion

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General Information

Identification of Subject

The subject is an existing aviation hangar complex development. The hangars are comprised of a mix of box and T-hangars. The average small T-hangar size is 1,032 SF and the large T-hangars average 1,940 SF in size. The average box hangar size is 4,500 SF. The overall total Rentable Building Area (RBA) is 156,457 square feet. Building A, B, and C improvements were constructed in 1988 and building D, E, F and G improvements were constructed in 1993. The site area is 10.917 acres or 475,545 square feet.

Current Ownership and Sales History

The fee owner of record is County of San Diego. According to public records, this party acquired the subject more than three years ago. Based on information provided to me, the leasehold hangar improvements recently reverted to County of San Diego (fee land owner) at an unknown price/value (assumed to be $0). I am not aware of any other sale or transfer in the last three years.

Pending Transactions

To the best of my knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Type of Value, Property Rights and Effective Date

The purpose of the appraisal is to develop an opinion of the fair market rent of the property or a lease rate per square foot of hangar space, as of November 12, 2024. The date of the report is December 28, 2024. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market rent may be defined as:

"The reasonable rent expectancy if the property were available for lease; the price being paid for comparable space as distinguished from contract rent. The base rent justifiably payable for the right of occupancy of the premises."

Market rent may also be defined as the amount of money per month or year, which a tenant or a landlord would agree to pay and receive for certain space, provided both are knowledgeable about other comparable spaces and tenants in the marketplace and have an average but not exigent motivation to locate the lease. It is analogous to the term "market value of rent."

The Dictionary of Real Estate Appraisal defines market rent as "The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and

assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The rent reflects specified terms and conditions, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs).

(Source: The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022)

FAA defines Fair Market Value as: The market value is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under these conditions:

• *Buyer and seller are typically motivated,*

• *Both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest,*

• *A reasonable time is allowed for exposure in the open market,*

• *Payment is made in terms of cash in U. S. dollars or in terms of comparable financial arrangements.*

• *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

Gross Lease Terms Definition: Under market terms, lease expense structures are based on a gross terms or a lease in which the landlord absorbs all expenses including structural maintenance and repairs, taxes, insurance, reserves, utility costs, management, etc.

Definition of Property Rights Appraised

Leased fee interest is defined as, "The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires."

Lease is defined as: "A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent."

(Source: The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022)

Client, Intended User and Intended Use

The client and intended user is the County of San Diego. The intended use is for determining the fair market rent of the existing leased area. The appraisal is not intended for any other use or user. This report is specifically not intended to be used for a lending decision. Additionally, this report is not intended to be used to determine whether to hold, sell or improve the subject property. No party or parties other than the County of San Diego may use or rely on the information, opinions, and conclusions contained in this report.

Nondiscrimination

One of the four section of the USPAP Ethics Rule is Nondiscrimination. An appraiser must not act in a manner that violates or contributes to a violation of federal, state or local antidiscrimination laws or regulations. This includes the Fair Housing Act (FHAct), the Equal Credit Opportunity Act (ECOA), and the Civil Rights Act of 1866. *USPAP 2024 Edition*

I have completed the elimination of bias and cultural competency education required by the State of California. I am aware of and have complied with the antidiscrimination laws named above, in addition to Advisory Opinions 39 and 40 of the 2024 Edition of USPAP.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations
- FAA Federal regulations/standards.

Prior Services

USPAP requires appraisers to disclose to the client any services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, I considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. My concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property.

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Not Applicable	Not Utilized
Income Capitalization Approach	Applicable	Utilized

The **income capitalization** approach is the most reliable valuation method for the subject due to the following:

- There is sufficient market data regarding rental rates for similar type properties in the subject's submarket. Therefore, I have elected to use a portion of this approach to determine a fair market rent for the subject.

The **sales comparison** approach is not applicable to the subject because:

- This approach does not reflect the primary analysis undertaken by a fair market rent analysis.

The **cost approach** is not applicable to the subject considering the following:

- This approach does not reflect the primary analysis undertaken by a fair market rent analysis of the subject's building.

Other Research and Analysis

Additional steps taken to gather, confirm, and analyze relevant data, are detailed in individual sections of the report.

Data Research and Analysis

The process employed to collect, verify, and analyze relevant data is detailed in individual sections of the report. This includes the steps I took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the report. Although I made a concerted effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Property Inspection

David P. Burningham, MAI conducted an interior and exterior inspection on November 12, 2024.

Economic Analysis

SAN DIEGO MSA AREA ANALYSIS

Metropolitan Areas are designated by OMB ("Standards for Delineating Metropolitan and Micropolitan Statistical Areas") based mainly on Census Bureau-sourced data. Metropolitan areas are defined as Metropolitan Statistical Areas (MSA) and Micropolitan Statistical Areas (MISA). MSAs and MISAs are also referred to a Core-Based Statistical Areas (CBSAs). Contiguous CBSAs are defined as Combined Statistical Areas (CSA).

By definition, metropolitan areas are comprised of one or more contiguous counties. Metropolitan areas are not single cities and typically include many cities. Metropolitan areas are comprised of urban and rural areas and often have large expanses of rural territory. A business and demographic-economic synergy exists within each metro; metros often interact with adjacent metros. The demographic-economic make-up of metros vary widely and change often.

San Diego County is located in Southern California approximately 124 miles south of Los Angeles. It is 4,210 square miles in size and has a population density of 778 persons per square mile. San Diego County is part of the San Diego-Carlsbad, CA Metropolitan Statistical Area, hereinafter called the San Diego MSA, as defined by the U.S. Office of Management and Budget.

Gross Domestic Product

As of 2023, the San Diego region was home to more than 3.26 million residents, the second largest county in California in terms of population according to the U.S. Census Bureau ("Annual Estimates of the Resident Population for Counties: April 1, 2010 to July 1, 2022.") In 2023 the San Diego metropolitan region accounted for more than $282.2 billion, or 8.3 percent of California's GDP, based on data from the BEA and 8.5 percent of the State's population, based on U.S. Census Bureau data.

The San Diego region includes the largest concentration of U.S. military in the world, making the military presence an important driver of the region's economy. In addition, San Diego is a hub for the life sciences/biomedical and technology-oriented industries and a popular travel destination. The region's quality of life attracts a well-educated, talented workforce and well-off retirees which contribute to local consumer spending.

Defense

The metro area is among the top recipients of Department of Defense contracts, and spending in San Diego grew this past fiscal year. The military bases are among the most strategically important bases in the Pacific and home to an increasing number of Navy ships. Defense hiring will slow as spending levels off, but pay raises for both military and civilian personnel will have positive downstream effects on the metro area's consumer industries. Elevated spending also bodes well for defense contracts: Synergies between tech and defense bode

well for San Diego's long-term employment prospects. For example, the Department of Defense recently tapped Qualcomm to produce microchips.

Defense contributes nearly $10 billion or more than 10% of San Diego's GRP. San Diego has the highest concentration of military personnel in the nation, and the highest military payroll. Nearly 22% of the region's jobs can be traced to the defense industry. One of the reasons for this large percentage was the relocation of the US Space & Naval Warfare Systems Command (SPAWAR) from Virginia to San Diego. SPAWAR focuses on developing cutting-edge, high-tech military systems, weapons, and equipment. SPAWAR boosted the local defense industry through contract work opportunities and defense-related employment.

High Tech

San Diego is a hub for biotech, IT and cybersecurity firms, so tech jobs account for a larger share of employment. The metro area is also home to the University of California, San Deigo, which ensures a ready supply of skilled labor. The areas highly skilled workforce, abundant venture capital, product diversity, and lower business and living costs compared with Bay Area high-tech hubs ensure a bright outlook for high-tech employment.

Economic Forecast

The County's Gross Regional Product (similar to the most widely used national economic measurement of U.S. Gross Domestic Product or GDP) hit a record $282.2 billion in 2023 (up from a low of $173 billion in 2009).

Technology, cybersecurity, computer science, tourism, military, and defense make up the region's top dependable sectors. Also, local companies bringing Initial Public Offerings (IPOs) to the investment marketplace have made waves in the San Diego region within bio-technology and life sciences, showing economic diversity.

More recently, headwinds against the U.S. economy (and San Diego County) may include the changing global, geopolitical, historical high inflation and economic environment. Foreign trade tension could negatively affect global growth, and so could a tightened monetary policy by the Federal Reserve. Also, a potential slowing housing market possibly signals an upcoming "reverse wealth effect," where consumers begin to tighten their spending habits. Additionally, total non-financial corporate debt has reached a historic high as many large corporations have leveraged recent low interest rates (downside risk to an upside economy). There also have been decades high inflationary rates and aggressive interest rate increases.

It is important to note that there are general sentiments and concerns relating to possible disruption of the prevailing market. Though job growth has been recently strong, with low unemployment, the risk of climbing interest rates, a volatile stock market, rising debt, political uncertainty and slower growth forecasts have the potential to interrupt recent, short-term trends.

Manufacturing

Approximately $20.5 billion of San Diego's GDP is linked to manufacturing, which had employed slightly over 100,000 workers and accounts for one-fourth of the local economy. The leading segment of manufacturing is electronics and electrical machinery with over $3 billion in production. Top electronics employers include Sony Electronics, SAIC, Hewlett-Packard, and TRW. Another regional highlight is the manufacturing of recreational equipment, led by golf equipment companies. Top manufacturers include Callaway Golf, Taylor Made, and Cobra Golf, employing hundreds of thousands of people in the production of recreational goods.

Telecommunications

San Diego has over 60 telecommunications companies. Telecommunications such as wireless phones, contribute over $5 billion to the local economy each year. The area's communications and data-transfer infrastructure are arguably the best in the nation. San Diego has more than 184,000 miles of fiber optic cable, ranking first among all the counties in the nation. Exclusive use of digital switches, ISDN, extensive SONNET ring networks and the countywide rollout of digital cable modems, couples high speed transmission with built-in redundancy and highlights the preeminence of San Diego's communications infrastructure. Telecommunications companies in San Diego include Qualcomm, Sony Wireless, Nokia, Hughes Network Systems, and Uniden.

Software, Multimedia and Digital Technology

With over 500 firms, San Diego is beginning to be seen as an area for emerging technologies. While aerospace jobs do not have the impact on San Diego they once had, advances and growth in other technology, including biomedical and computers, had accounted for more than 100,000 high technology workers in San Diego.

Agriculture

San Diego continues to see a gradual increase in agriculture due to specification in the production of avocados, and nursery and decorative plants. San Diego County ranks as the 10th largest agricultural producer in the nation. It also has the second largest number of farms. Nursery and flower crops account for 62% of the total production.

Commercial Real Estate

The commercial real estate market in San Diego County was anticipated to remain robust and the residential real estate (housing) has some resilient signs. The question is whether the local housing market (especially home prices but possibly home sales as well) flatlines sooner rather than later versus slowing down in a more moderate, measured way. Many were predicting a "flat" year. However, the possibility of rising mortgage rates will play into this issue as well. The effects of monetary policies on the real estate market are still unknown.

Transportation

The freeway system provides access to employment centers throughout Southern California. The San Diego Freeway (I-5) runs north and south between San Diego, Los Angeles, and Orange Counties as part of its route from Mexico to Canada. The Escondido Freeway (I-15) connects San Diego with Riverside and San Bernardino Counties to the northeast. The Mission Valley Freeway (I-8) runs east and west between San Diego, Imperial County, and the State of Arizona. The North County Transit District provides local bus service and there are over 50 trucking companies which serve the north county providing specialized services, such as maritime container transshipping, refrigerated shipping, shipping of heavy equipment and temperature-controlled shipping of electronics. The Santa Fe Railroad has a freight service line serving Oceanside, Vista, San Marcos and Escondido and provides service to San Diego port facilities and Los Angeles. The Amtrak terminal in Oceanside provides commuter service from San Diego to Los Angeles. Both Lindbergh Field in downtown San Diego and Palomar Airport in Carlsbad provide air transportation; both provide commercial and non-commercial service. The San Diego region is a desirable place to live and work, although the city faces growth and traffic problems.

Tourism

Tourism is San Diego's third largest economic generator. Attractions include Legoland, in the City Carlsbad (North County), Sea World, Mission Bay, the San Diego Zoo (downtown), Wild Animal Park, the Gaslamp District, Hillcrest, and Coronado. San Diego also offers seasonal attractions such as the Del Mar Fairgrounds the San Diego Convention Center, numerous beaches, golf courses, and the cruise ship terminal. These attract millions of visitors annually.

Conclusion

The San Diego County economy is influenced by a growing population and an expanding labor/job market. The increase in population, job growth and historical growth in the areas gross domestic output will most likely continue in the future.

AREA MAP


Subject
Temecula
Dana Point
San Clemente
Fallbrook
Vista
Oceanside
Carlsbad
San Marcos
Escondido
Encinitas
Solana Beach
Del Mar
Pacific Ocean
Gulf of Santa Catalina
Ramona
Rosemont
Poway
Lake Miramar
Santee
Lakeside
Bostonia
El Cajon
Casa de Oro
La Mesa
Alpine
Pine Valley
Julian
Warner Springs
Borrego Springs
Los Coyotes I.R.
La Jolla I.R.
Pala I.R.
Agua Tibia Wilderness
Santa Rosa Mountains Wilderness
San Bernardino National Forest
Cahuilla I.R.
Salton Sea
Anza-Borrego Desert State Park
Cleveland National Forest
La Posta I.R.
Campo I.R.
Boulevard
Tecate
Tijuana
Rancho La Puerta
Agua Caliente
Agua Hechicera
La Rumorosa
Westmorland
Imperial
El Centro
San Diego
Lemon Grove
Spring Valley
Coronado
National City
Chula Vista
Imperial Beach
RIVERSIDE
ORANGE
SAN DIEGO
IMPERIAL
CALIFORNIA
BAJA CALIFORNIA
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Market Area Location and Boundaries
NEIGHBORHOOD ANALYSIS

EL CAJON, CALIFORNIA

The Appraisal of Real Estate, Appraisal Institute, 15th Edition, defines neighborhood as "a group of complementary land uses." Social, economic, governmental, and environmental forces influence property values, which in turn directly affect the value of the subject property itself. "The area of influence is the area within which these forces affect all surrounding properties in the same way they affect the property being appraised." The area most closely surrounding the subject property, whether it contains residential only or a mixture of commercial and residential properties, is called a neighborhood.

The City of El Cajon occupies an area of approximately 14 square miles in a broad valley located 16 miles inland from the Pacific Ocean and approximately 14 miles north of the California/Mexico border. The city represents the most easterly urbanized area of San Diego County and is often referred to as East County. El Cajon is located well west of the geographical center of San Diego County.

The City of El Cajon was incorporated in 1912 and is operated under a council/city manager form of government. The City operates its own independent police and fire departments. The Helix Water District and the San Diego Metropolitan Sewer District provide public utilities. San Diego Gas & Electric Company and Pacific Telephone provide other utilities.

Freeway access to the City is provided via Interstate 8, which is the primary east-west connection between metropolitan San Diego and the eastern portion of the San Diego County. State Routes 94 and 67 provide access to the southeasterly and north central portions of the County from El Cajon. Numerous freeway off-ramps provide access from Interstate 8 to all portions of the city.

The downtown retail core of El Cajon is situated along Main Street, which is located east and west of Magnolia Avenue. As the City's population grew and demand for additional retail space increased, new retail development took place in areas away from the downtown neighborhood. The development of Westfield Parkway Plaza, a one million square-foot regional shopping center, which is anchored by Macy's, took place in the early 1970s. Since that time other community and regional shopping facilities have been developed along Fletcher Parkway. A number of community and neighborhood shopping centers have also been developed throughout the city.

Much of the industrial development in El Cajon is located east of State Route 67 and north of Interstate 8. The City's General Plan Land Use Map identifies two types of industrial areas. The "Industrial Park" designation contains nearly 600 acres of land located north of Fletcher Parkway and west of Highway 67. This is referred to as the City's primary industrial area in the General Plan. The second type is "Light Industrial" and includes an area of approximately 145 acres located in industrial corridors along the southeast side of Interstate 8 and along Cuyamaca Avenue between Fletcher Parkway and Bradley Avenue.

Much of the El Cajon's industrial land base is comprised of acreage that is part of the county-owned general aviation airport at Gillespie Field, which is located north of Bradley Avenue between Cuyamaca Street and State Route 67. Gillespie Field has a total of approximately 700 acres, several hundred of which have been developed or are intended for development with industrial uses. Gillespie Field retains ownership of this land and leases it to private developers. The aviation facilities include three runways and approximately 100 acres devoted to such facilities as aircraft hangars. The landing strips are adequate to handle large corporate jets. There are no commercial airlines serving Gillespie Field.

According to the *Community Economic Profile*, El Cajon has approximately 500 manufacturing plants. Typical industries include electronics, metal fabrication, aerospace, and cabinet shops. Some of the largest manufacturing employers include Chem-Tronics, Ketema, A&E Division, Taylor Guitars, Scubapro and Windowmaster Products. Primary non-manufacturing employers in the city include Grossmont College, Valley Medical Center, Chilcote, Inc., and San Diego Gas & Electric.

El Cajon is typically thought of as a "bedroom community." It benefits from convenient access to downtown employment centers in San Diego. Housing is generally offered at prices below that of the coastal communities or the newly developing areas of north and south San Diego County.

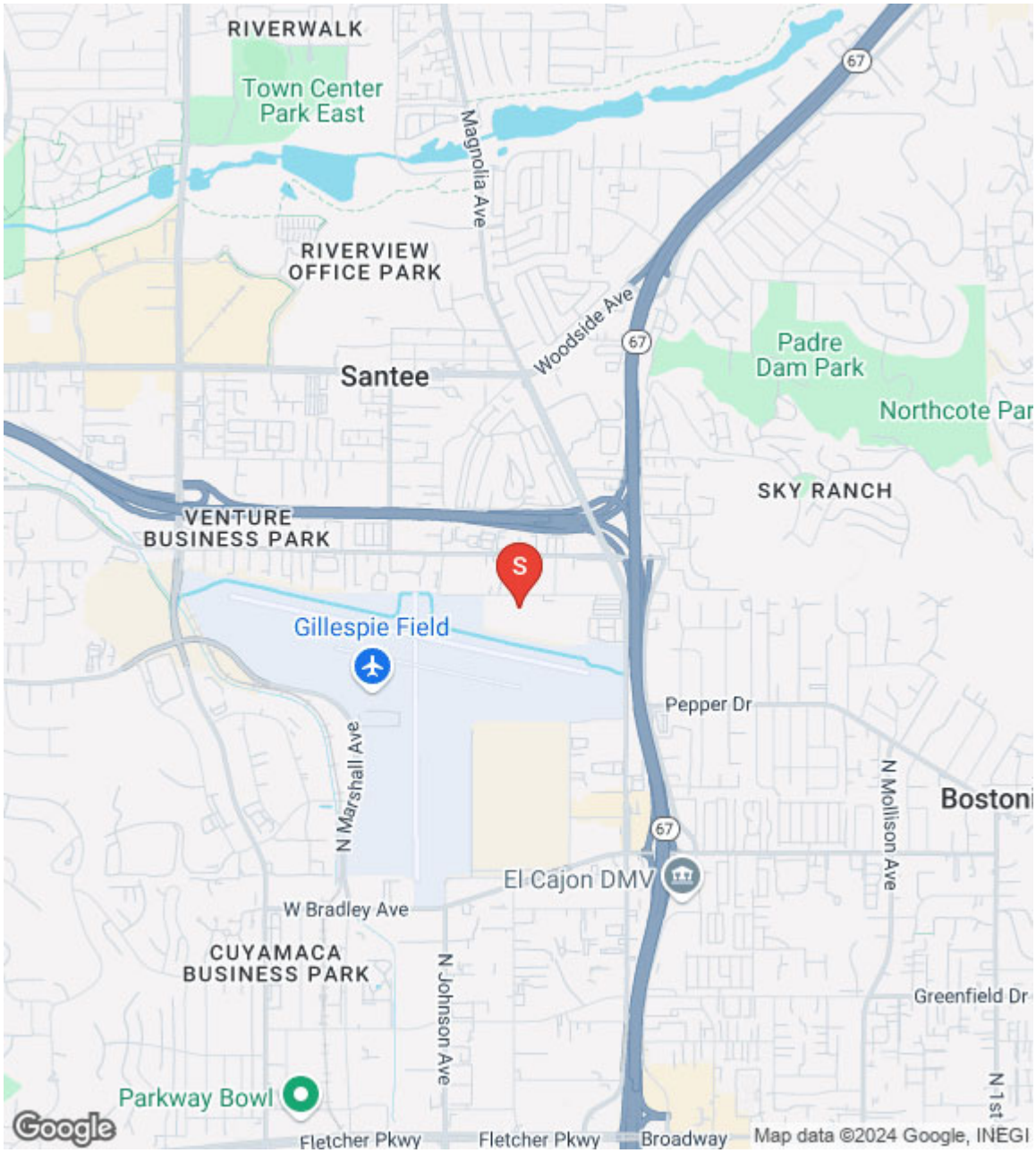
Land Use

Land uses immediately surrounding the subject are predominantly residential with typical ages of building improvements ranging from 10 to 45 years.

Outlook and Conclusions

The long-term outlook is for moderate population growth, steady job growth, and the need for additional housing units. This positive growth in employment, population and housing will continue to fuel the growth for additional commercial support facilities such as industrial, office, retail and multi-family space.

SURROUNDING AREA MAP



Market Analysis – Municipal Airports

Public use airports are classified different ways by different agencies for different purposes. The following definitions will describe the details and illustrate the differences between the classification systems utilized by the FAA and the California Department of Transportation.

Limited Use Airports - Airports that provide limited access; usually located in non-urban areas; may be used for a single purpose; have few or no based aircraft; and provide no services.

Community Airports - Airports that provide access to other regions and states; located near small communities or in remote locations, serve, but are not limited to, recreational flying, training, and local emergencies; accommodate predominately single engine aircraft under 12,500 pounds and provide basic or limited services for pilots or aircraft.

Regional Airports - Airports that provide the same access as Community airports, may provide international access; located in an area with a larger population base than Community airports with a higher concentration of business and corporate flying; accommodate most business, multiengine, and jet aircraft, provide most services for pilots and aircraft including aviation fuel; has a published instrument approach, and may have a control tower.

Metropolitan Airports - Airports that serve the same activity as regional airports; are located in urbanized areas; provide for the same flying activities as Regional airports with an emphasis on business, charter, and corporate flying, accommodate all business jet and turboprop aircraft with a higher level of activity than Regional airports; provide full services for pilots and aircraft, including jet fuel; has a published instrument approach and a control tower; and provides flight planning facilities.

San Diego County Airport Comparison by Functional Classification Category

Limited Use Airports: Agua Caliente Springs, Jacumba, and Ocotillo airports are the region's three Limited Use airports. All three airports meet Limited Use minimum standards, though the weight limit of Ocotillo Airport's dirt runway is uncertain. All three facilities are not listed in the FAA's NPIAS and thus are not eligible to receive federal funding for airport improvements.

Community General Aviation Airports: The two Community General Aviation airports in the San Diego Region are Borrego Valley Airport and Fallbrook Community Airpark. Borrego Valley meets all Community General Aviation Airports minimum standards except 24-hour on-field weather services. With this upgrade and a 25-foot wider runway, Borrego Valley would meet Regional General Aviation airport minimums.

Fallbrook Community Airpark's runway is 540 feet below Community General Aviation Airport minimum standard length and 15 feet too narrow. It also lacks visual approach slope indicator equipment and 24-hour on-field weather services. However, a runway extension at Fallbrook is considered doubtful due to terrain and encroaching development considerations.

Regional General Aviation Airports: Four airports in the San Diego region are Regional General Aviation airports: Brown Field, Gillespie Field, Oceanside Municipal, and Ramona. Gillespie Field, Brown Field, and Ramona would meet not only Regional General Aviation airport minimum standards, but could be brought up to Metropolitan General Aviation airport minimum standards with some upgrades. These include runway pavement rehabilitation (Ramona), visual approach slope indicator equipment (Brown Field), and 24-hour on-field weather services (Gillespie). Oceanside needs two enhancements to meet Metropolitan General Aviation Airport minimum standards: visual approach slope indicator equipment, and, more significantly, a 500-foot runway extension. The feasibility of the runway extension is doubtful owing to terrain and encroaching development.

Metropolitan General Aviation Airports: Montgomery Field is the San Diego region's only Metropolitan General Aviation airport. Its sole needed enhancement is a 423-foot runway extension of its longest runway.

Primary Commercial Non-Hub and Commercial Airports: McClellan-Palomar is the region's only Primary Commercial Service Non-Hub airport. Its only needed enhancement is, significant: a 2,000 –foot extension to its longest runway in order to meet the minimum standard for Primary Commercial Service Non-Hub airports.

Primary Commercial Service Hub Airports: San Diego International is the region's only Primary Commercial Service Hub airport.

McClellan-Palomar is located in Carlsbad, about 35 miles north of downtown San Diego. The airport has served as a major aviation center in San Diego County since its inception in the late 1950s. While, historically, the airport's focus has been primarily on general aviation and positioning itself as the county's pre-eminent corporate facility, a growing commuter market is now making its presence felt. Until recently, commuter services had not met with great success at any of the smaller airports in the region. The most obvious long-term use for the airport is for its continuation as a general aviation airport.

To the extent that the commercial and corporate segments grow, the airport's general aviation enthusiasts are slowly being displaced. This is because the costs associated with accommodating increased commercial activity at the airport would have to be passed on to the tenants and, eventually, the end users of products and services on the airport. A gradual shift toward larger corporate aircraft based at McClellan-Palomar has been taking place at the expense of the single-engine aircraft, but the larger planes are still a minority.

Newer, better quality community hangars are being rented to corporate users who are capable of paying higher rents. The lower quality gang hangars are renting to smaller users, but this segment is not as broad as the T-hangar or Port-A-Port hangar market. Maintenance facilities targeted at the corporate market are doing moderately well, but those appealing to the small aviator typically experience less success. For the maintenance and hangar operator, the corporate market is strong and is expected to expand in the future. Corporate owners

tend to have a higher interest in maintaining their planes and have much larger budgets for maintenance and storage.

There is only one runway at McClellan-Palomar Airport -Runway 6/24. It is 150 feet wide and 4,900 feet long, with a 300-foot displaced threshold. The airport has an instrument landing system (ILS), which is located at the west end of the runway. The runway is rated by the FAA at 60,000 pounds single wheel load strength, 80,000 pounds double wheel and 110,000-pound double tandem strength.

This strength rating in combination with the runway length means that small jets and large turbo prop planes can use the runway. This is the only GA airport in San Diego County designated by CASP as having the potential to meet the minimum requirements of a Primary Commercial Service Non-Hub airport in the County. The only needed enhancement would be the addition of a 2,000-foot extension to its longest runway. Even without this improvement this airport functions as the only airport in the County, other than San Diego International, providing scheduled passenger service. Because it is capable of servicing very large aircraft, is surrounded by excellent quality office and industrial districts, and is within close proximity of affluent residential districts, this airport is the obvious location for all of the largest non-commercial jet aircraft to use as their base of operations. As a result, the FBOs at this airport charge the highest hangar storage rates in the County and sell, by far, the largest amount of jet fuel of any other primarily general aviation airport in the region.

With the development of two major hangar facilities at McClellan-Palomar Airport there has been a major business plan shift, which may result in an entirely new economy for the airport-one further emphasizing the trend toward marketing to larger aircraft users and away from servicing smaller single-engine aircraft. The marketing strategy for these new facilities is for these FBOs to enter into long term arrangements with large aircraft users to provide them with hangar space at premium rates and in turn the FBO operator provides the long-term tenant with fuel at lower rates. It is the potential for aviation related business opportunities such as this that makes McClellan-Palomar Airport standout as the benchmark top-of-the-market general aviation airport in the San Diego Region. It is expected that this will continue to be the case for far into the foreseeable future.

Montgomery Field is located in the Kearny Mesa area of San Diego approximately seven miles north of downtown San Diego. The airport is surrounded by high quality office projects, corporate headquarters, good quality industrial and commercial properties. Very good quality residential districts are located within a few miles to the north and south; while the affluent coastal communities of La Jolla and Point Loma are located approximately seven to eight miles to the west. The Class A office districts of the Golden Triangle and Del Mar Heights are reachable to the northwest within 5.5 and 11 miles, respectively.

There are three runways at Montgomery: Runway 10L/28R, Runway 10R/28L and Runway 5/23 and the airport provides an ILS approach. The designated instrument runway is Runway 10L/28R, which is 150 feet wide by 3,400 feet long (after a 1,176 foot displaced threshold) for landings and 4,577 feet long for take-offs. This runway has been rated by the FAA at 12,000 pounds single wheel load strength, which indicates a relatively light-duty capacity

and all runways are restricted by City Resolution to a maximum certified gross take-off weight of 20,000 pounds. In combination with the short runway this means that most jets and large turbo-prop airplanes cannot use the runway. Runway 12R/28L is a smaller parallel runway located about 500 feet south of the main runway. It is 60 feet wide by 3,401 feet long. That runway is also rated at 12,000 pounds single-wheel loading. It is not lighted for night operations. Runway 5/23 is the crosswind runway and is 150 feet wide by 3,400 feet long.

Montgomery Field is a city-owned-and-operated airport. There are two full-service FBO's at Montgomery -Gibbs Flying Service and CrownAir. Two other smaller FBOs at the airport include Coast Aircraft Sales and Salvage and Corona & Brady/dba Spiders. Other tenants at Montgomery Field include office space occupied by the City of San Diego (police and engineering), an air charter company, several flight instruction operations, a restaurant in the terminal building, an office building and a hotel. It is our understanding that ground leases at Montgomery Field were originally based on a base rate plus a percentage of gross income derived from commercial ventures and sublease income. However, beginning in April 1993, all new ground lease rates were placed on a fixed rate basis.

The airport's capacity is currently estimated to be 442,000 annual operations and 1,000 based aircraft. However, a new master plan (not yet adopted) indicates that the airport's capacity is about 360,000 annual operations. The last several years have seen operations counts below the historic average over the past 20 years. Based aircraft estimates for any given airport are subject to wide variation depending on the source.

Montgomery Field Airport is very well located for both business and private recreational general aviation uses. It is immediately surrounded by numerous major corporation headquarters and is located near to residential areas where affluent aircraft owners and executives for corporations that use general aviation might live. The infrastructure of the airport is generally very clean and well maintained, though it is not dramatically impressive by any means. Montgomery Field's biggest drawback and hindrance to aviation business potential is reflected by its runway capacity limitation, which precludes large aircraft from using this airport.

Brown Field Municipal Airport is located in southern San Diego County, about 21 miles southeast of downtown San Diego and 1 mile north of the Mexican border and Tijuana International Airport. It lies within the boundaries of the rapidly growing City of San Diego community of Otay Mesa. Over the last decade, the rural areas in the vicinity of the airport have been replaced by residential developments of varying densities to the west and commercial and industrial uses to the immediate south and east. It is envisioned that the Otay Mesa area will become a major employment center within the foreseeable future.

Constructed in 1918, the airport was owned and operated by the military and served as an aerial gunnery and aerobatics school. Since 1962, the airport has operated as a public-use general aviation airport. Today, the airport is owned and operated by the City of San Diego and lies entirely within the city limits. Brown Field is classified as a general aviation reliever airport for San Diego International-Lindbergh Field, the region's principal commercial airport. Brown Field serves as a port-of-entry into the United States for private

aircraft inbound from Mexico to California. CASP acknowledges that Brown Field could be brought up to not only Regional General Aviation standards, but also Metropolitan General Aviation standards-but it would require substantial improvements including the installation of ILS approach capability. All aircraft inbound from Mexico with 30 or fewer passengers are required to land at Brown Field. Military aircraft (fixed wing and helicopters) continue to operate at the airport for flight training missions.

There are two runways at Brown Field: the primary runway (8L-26R) is 7,999-feet in length and the parallel runway (8R-26L) is 3,057-feet in length. Planned improvements include reducing the length of Runway 8L-26R to 7,972 feet to provide required runway safety area and increasing the length of the parallel runway (8R-26L) to 3,180-feet. Runway 8L is the only runway having straight-in instrument approach capabilities.

The current Brown Field Airport Master Plan was adopted in May 1980 and provides two 20-year (2000) forecast scenarios: 390,500 total annual operations (unconstrained) and 442,500 total annual operations (airfield capacity). Although discussed heavily in the Master Plan, neither forecast includes air carrier operations due to severe limitations that would be placed on the air carrier service provider(s) and general aviation activity. The airfield capacity forecast of 442,500 total annual operations was used in the current Brown Field Comprehensive Land Use Plan (CLUP) adopted September 1980. In March of 2000, the airport master plan was updated, but was never adopted due to various environmental concerns. The master plan update proposed a new air cargo facility at the airport and forecasted that annual air cargo operations would reach nearly 14,000. It is unknown if the current operation level is near this goal.

The forecast scenarios proposed in both the adopted and updated master plans are considered high and unrealistic given the airport's current role and the historical activity trends over the last decade. The Compatibility Plan utilizes the theoretical capacity for parking of based aircraft to determine future aircraft activity levels. The areas designated for future aircraft parking development, as reflected in the Airport Layout Plan, indicate that some 240,000 total annual operations can be expected over the extended 20-year forecast period. This forecast assumes that operations per aircraft will decrease over time as the airport gets busier and more congested. The forecast also assumes that Brown Field will remain a general aviation airport and that air carrier and air cargo activity will not exist in the future. Two future scenarios have been projected for the airport. Alternative 1 assumes 240,000 annual operations forecast activity level chosen for the purposes of the Compatibility Plan. Alternative 2 is the airfield capacity projection-442,500 annual operations-indicated in the 1980 Master Plan.

Brown Field is somewhat of an anomaly within the general aviation airport sector of Southern California. It is situated only 21 miles southeast of the second largest city in California-the eighth largest in the United States, and is within one mile of an international border. Its runway is long enough and its rated weight capacity is ample enough to accept almost any size plane. Indeed, this is the required stop for most medium to large turboprop and jet planes coming into the United States from south of the US/Mexico border. This is a source of aviation business and advantage not held by any other GA airport in Southern California. The land surrounding the airport for many miles is being developed into one of

the largest major industrial communities in the State with good quality product, and attractive residential neighborhoods are being developed within a few miles to the west. Yet, even with these seemingly very advantageous conditions Brown Field has remained a relatively minor contributor to the local GA airport economy. The two major reasons for this involve its peripheral metropolitan location and the quality and condition of the airports itself.

Brown Field has the potential of being a base for large corporate aircraft much like McClellan-Palomar due to its runway capacity. However, at the present time the corporate headquarter/high end industrial base of Otay Mesa is not far enough along in its development to create significant demand for corporate aircraft use and services. Nor are there any nearby affluent residential districts of the type normally populated by wealthy individuals who own private aircraft or are executives for corporations that own such aircraft. Eventually, these conditions will probably change as Otay Mesa completes its development. In the meantime, Brown Field's mixed quality location could probably be partially overlooked and it could, very likely, attract more recreational and corporate business if it were not for the overall condition of the airport.

Unlike most airports within the Southern California region Brown Field suffers from severe deferred maintenance and general internal blight. The operation still functions to a great extent out of buildings that were constructed at the beginning of the 20th Century with additions during World War II with only minor rehabilitation (other than for the interior remodeling of the LanceAir offices). There have been metal hangar additions to the airport over the past several decades, but these improvements have been constructed by tenants. The basic infrastructure of the airport, the control tower, administration building, roads and ramp areas do not appear to have received any significant maintenance or rehabilitation by the City in many years. Large areas of the runway collect standing water after rainfall, which can be very hazardous for large expensive aircraft. Although the runway can accept some of the largest of all aircraft, it still does not have an ILS approach. Access driveways, streets and other paved areas range from average to very poor condition. Curran Street for example is rampant with numerous large raw potholes.

Even though this airport receives all of the inbound aircraft of 30 seats and smaller incoming from Mexico, some operations of which involve very large and expensive aircraft (e.g. $45,000,000 Gulfstream 5 and/or similar) there is no physical security provided by means of fencing. Any pedestrian or vehicle coming from outside of the airport could walk or drive out onto the runway unabated by any physical barrier. The overall look of the airport is unimpressive and generally unappealing. It certainly does not have the level of quality and security that is expected by owners of a $500,000 twin-engine turboprop, much less a $45,000,000 aircraft. Without sufficient higher-end based aircraft, Brown Field cannot support major aircraft maintenance services. It is generally recognized that Brown Field may have the potential to one of San Diego County's major general aviation airports. Many proposals have been made for substantial rehabilitation and expansion of the airport over the years, but no significant capital investment has ever been made into the basic infrastructure of this airport. Consequently, Brown Field may remain a minor back-up airport providing relatively limited GA services to a small number of based aircraft for the foreseeable future.

Ramona Airport is roughly bounded by Montecito Road to the north and Ramona Airport Road to the south and east. Its western boundary is about three-quarters of a mile west of the western end of the runway. Ramona is a semi-rural, unincorporated community of about 45,000 people, located about 36 miles northeast of downtown San Diego. The Navy originally built the airport in 1943 as an emergency landing field. It was turned over to the County in 1956. The California Department of Forestry has operated from the airport since the late 1950s and its presence on the airport has been a constant ever since. The U.S. Forest Service also operates out of Ramona Airport.

Expansion of the facility has been planned for years, but various roadblocks have slowed progress. In 2002 some expansion was finally accomplished with the extension of the runway and taxiway by 1,000 feet, and related improvements. The project was considered necessary primarily for the continued safe operation of the fire-fighting aircraft. A new air traffic control tower and sewer line extension were also completed in 2003.

There is one runway at Ramona Airport -Runway 27/9. It is 150 feet wide and 5,000 feet long. Asphalt-paved and rated by the FAA at 75,000 pounds single wheel load strength, this strength rating in combination with the 5,000-foot length means that some jets and large turbo prop planes can use the runway. The runway is oriented in an east/west direction and is lighted with medium intensity runway and taxiway lights, green and red at the threshold and white and amber along the sides.

Three of the four airport tenants are located on the north side of the field. Chuck Hall Aviation is the westernmost of those. That facility provides fuel, hangar and tie-down storage and maintenance. The California Department of Forestry is adjacent to the east of Chuck Hall's leasehold. Their facility includes ramp space, office, maintenance and hangars. Pacific Executive's facility is the easternmost of the three lease parcels lying north of the runway. Their operation includes a self-service fuel island, maintenance, flight training, avionics, hangar and tie-down storage. A limited amount of office space is also evident on-site. In addition to the fuel island at Pacific Aviation, there are fuel trucks on the grounds which deliver fuel at pilots requests. A County-operated transient ramp is located between the CUF and Pacific Executive leaseholds. Two helicopter pads are located on the CDF leasehold. Land on the south side of the runway lying west of the CruiseAir leasehold has been rented on a month-to month basis for grazing operations. Chain link fencing is around the perimeter of most of the airport.

Because storage rates are generally lower at Ramona than at Gillespie Field, Palomar, or Montgomery Field, recreational pilots find Ramona an affordable alternative. Maintenance facilities at the airport are generally targeted to single-engine aircraft.

Ramona Airport has served as San Diego County's major fire base and flight training center for several decades. The airport's main purpose and operations types should not change significantly over the long term. There is very little additional land upon which to expand existing services at the airport. There is only one vacant developable parcel at the airport, and its environmental characteristics may preclude its development. The most obvious long-term uses for the airport include the continuation of its role as a general aviation airport, primarily

serving the recreational pilot, and its role as one of the most important fire bases in the region.

Gillespie Field is located in northwestern EI Cajon, approximately 14 miles northeast of downtown San Diego. This is a general aviation airport that is oriented to the small user-it does not have a precision instrument landing system (ILS).

Gillespie Field is a 757-acre publicly owned facility owned by the County of San Diego and operated by the Department of Public Works (DPW). The market area for Gillespie Field is defined as the western six major statistical areas for the County as designated by the San Diego Association of Governments (SANDAG). The airport is located within the limits of the City of EI Cajon, except for a small portion of property north of Prospect Avenue and a small comer near the end of Runway 17 which is within the City of Santee. The location of the airport with respect to ground access is good with Interstate 1-8 approximately four miles to the south. State Route 67 also serves the airport and is located along the eastern property line of the airport. State Route 125 is located approximately three and a half miles to the west of the airport and connects with State Route 52 which provides access to I-IS and I-80S to the west.

Gillespie Field is contained in the National Plan of Integrated Airport Systems (NPIAS) and is classified as a reliever (RL) airport, which is a high capacity general aviation airport in a major metropolitan area. Reliever airports provide to general aviation pilots an attractive alternative to using a congested hub (commercial) airport. The airport is also classified as a Regional-Business/Corporate airport in the California Aviation System Plan (CASP). This is a functional classification developed by the State to categorize airports based on an airport's function, services provided, and role in the aviation system. A Regional Airport is defined as one that provides the same access to other regions and states; is located in an area with a large population base and serves a number of cities or counties with a high concentration of business and corporate flying; accommodates most business, multi-engine and jet aircraft; provides most services for pilots and aircraft including aviation fuel; has a published instrument approach, and may have a control tower. A Business/Corporate Airport is one that is used by aircraft for transportation required by a business in which the individual is engaged or the use of an airport by aircraft owned or leased by a company to transport its employees and/or property.

Jacumba Airport (FAA LID: L78) is a county-owned public-use airport located one nautical mile (1.85 km) east of the central business district of Jacumba, in San Diego County.

Jacumba Hot Springs Airport was used by the US Navy during World War II as an outlying field to support NAS San Diego. Jacumba Airport was acquired from the federal government in 1953. The airport is unattended and unlighted. It is used mainly as an operation area for gliders, especially on weekends.

Jacumba Airport is at an elevation of 2,844 feet above mean sea level. It has one runway designated 7/25 with a gravel surface measuring 2,508 by 100 feet.

Historical Operations

County Airport Operations in 2024 - Year to Date		
1	Gillespie Field	107,221
2	McClellan-Palomar	42,376
3	Ramona	28,631
4	Borrego Valley	5,828
5	Fallbrook Airpark	7,300
6	Agua Caliente*	*
7	Ocotillo Wells*	*
8	Jacumba*	*

**** Operations counts at these airports are calculated annually.***

Airport	2016	2017	2018	2019	2020	2021	2022	2023
Agua Caliente*	4,400	4,400	4,400	4,400	3,300	3,300	4,400	4,400
Borrego Valley	12,328	15,563	16,294	7,179	6,378	18,442	25,174	23,099
Fallbrook Airpark	19,592	15,328	18,216	21,444	21,016	29,194	29,940	28,466
Gillespie Field	214,756	208,696	233,969	227,765	183,418	151,382	148,403	160,337
Jacumba*	919	835	1,162	947	734	774	1,096	994
McClellan-Palomar	156,606	164,348	159,180	145,862	149,977	140,451	145,719	143,569
Ocotillo Wells*	2,200	3,455	2,200	2,200	2,200	2,200	2,200	2,200
Ramona	100,336	104,530	99,403	109,075	144,979	127,327	133,755	125,521
TOTAL	511,137	517,155	534,824	518,872	509,524	462,276	491,273	488,586

**** Estimate based on combination of prior year numbers, pilot reports and use of operations counter.***

This suggests subject's airport an increase/decrease in use/demand from 2016 to 2023. There is some more recent recovery since a Covid related decrease in activity.

The analysis is supplemented by the following data.

General Aviation Industry Overview – GAMA Data

According to the General Aviation Manufacturers Association (GAMA) website, general aviation is defined as all aviation other than scheduled commercial airlines and military aviation. The following information has been excerpted from multiple reports from GAMA, all of which are deemed reliable.

The overall 2023 general aviation shipments and billings, when compared to 2022, saw increases for all aircraft segments in shipments, and preliminary aircraft deliveries were

valued at $28.3 billion, an increase of 3.3%. Note: This billing figure was updated in March 2024 with final data.

Airplane shipments in 2023, when compared to 2022, saw piston airplane deliveries increase 11.8%, with 1,682 units; turboprop airplane deliveries increase 9.6%, with 638 units; and business jet deliveries increase to 730 units from 712. The value of airplane deliveries for 2023 was $23.4 billion, an increase of 2.2%.

Piston helicopter deliveries for 2023, when compared to 2022, saw an increase of 7.7%, with 209 units; and civil-commercial turbine helicopter increase 9.9%, with 811 units. The value of helicopter deliveries for 2023 was $4.9 billion, an increase of approximately 9.0%. Note: The helicopter data was updated in March 2024 with final data.

The following table summarizes 2019 through 2023 shipments of airplanes manufactured worldwide:

Aircraft Shipments & Billings: Comparison of Last Three Years						
AIRPLANE SHIPMENTS	2019	2020	2021	2022	2023	% CH. 22-23
Piston Airplanes (*)	1,324	1,321	1,409	1,505	1,682	+11.8%
Turboprop Airplanes	525	443	527	582	638	+9.6%
Business Jets	809	644	710	712	730	+2.5%
AIRPLANE SHIPMENTS	**2,658**	**2,408**	**2,646**	**2,799**	**3,050**	**+9.0%**
AIRPLANE BILLINGS	**$23.5B**	**$20.0B**	**$21.6B**	**$22.9B**	**$23.4B**	**+2.2%**
HELICOPTER SHIPMENTS	2019	2020	2021	2022	2023	% CH. 22-23
Piston Helicopters	179	142	181	194	209	+7.7%
Turbine Helicopters (**)	698	567	679	782	811	+9.9%
HELICOPTER SHIPMENTS	**877**	**709**	**860**	**932**	**1,020**	**+9.4%**
HELICOPTER BILLINGS	**$3.8B**	**$3.4B**	**$4.2B**	**$4.5B**	**$4.9B**	**+9.0%**

The prior data indicates there is sufficient demand for the subject's hangar space to be leased.

Property Description

The subject is an existing aviation hangar complex development. The hangars are comprised of a mix of box and T-hangars. The average small T-hangar size is 1,032 SF and the large T-hangars average 1,940 SF in size. The average box hangar size is 4,500 SF. The overall total Rentable Building Area (RBA) is 156,457 square feet. Building A, B, and C improvements were constructed in 1988 and building D, E, F and G improvements were constructed in 1993. The site area is 10.917 acres or 475,545 square feet.

SITE	
Site Size:	Total: 10.917 acres; 475,545 square feet (Per Public Records)
Shape:	Rectangular
Frontage/Access:	The subject property has average access.
Visibility:	Average.
Topography:	Generally Level.
Soil Conditions:	A soils report was not provided for my review. Based on my inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, I am not an expert in soils analysis. I assume that the subject's soil bearing capacity is sufficient to support the existing improvements.
Utilities:	Electricity: SDG&E Sewer: Municipal Water: Municipal Natural Gas: SDG&E Underground Utilities: The site is serviced by underground utilities. Adequacy: The subject's utilities are typical and adequate for the market area.
Site Improvements:	• Typical Street Illumination • Concrete Sidewalks • Concrete Curbs and Gutters • Minimal landscaping

Flood Zone:	The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area. A flood panel/map is found in the addenda. FEMA Map Number: 06073C-1654 G FEMA Map Date: May 16, 2012
Wetlands/Watershed:	None Noted
Environmental Issues:	There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.
Encumbrance / Easements:	There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.

Other Land Use Regulations

I am not aware of any other land use regulations that would affect the property.

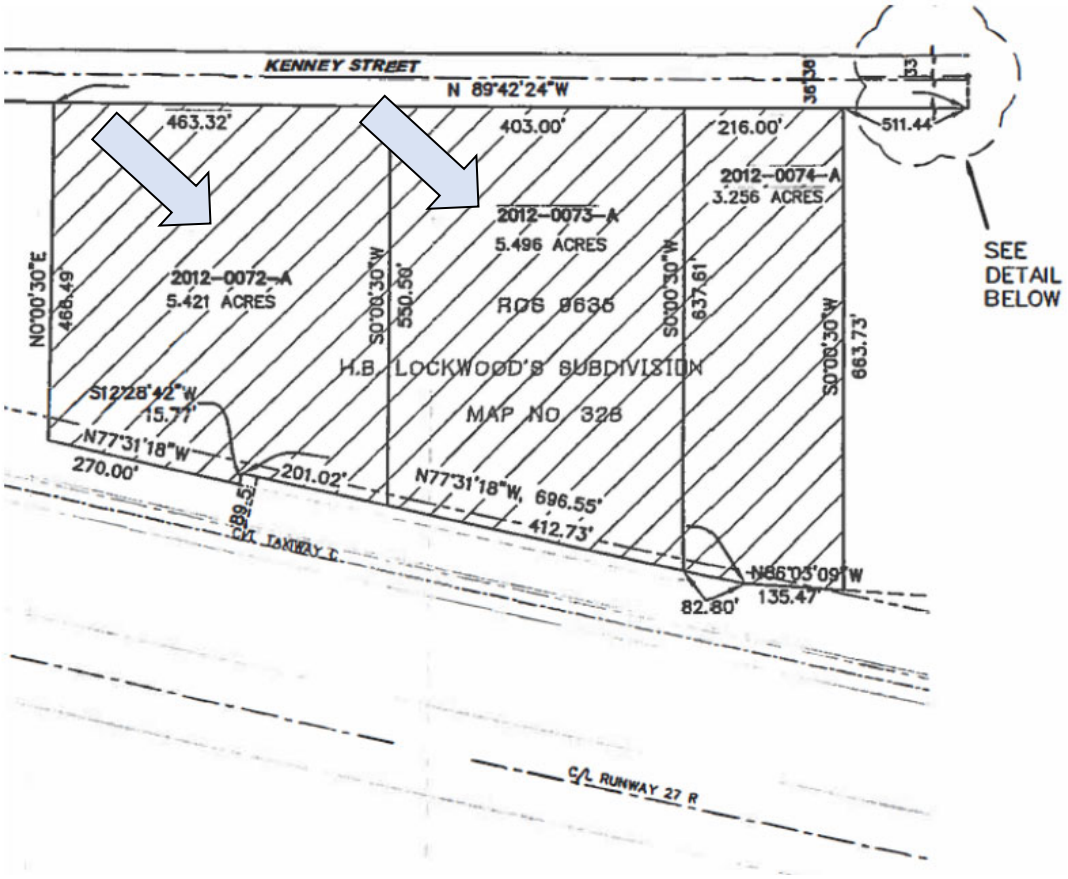
Easements, Encroachments and Restrictions

I was not provided a current title report to review. I am not aware of any easements, encumbrances, or restrictions that would adversely affect value. My valuation assumes no adverse easements, encroachments or restrictions and that the subject has a clear and marketable title.

Conclusion of Site Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. There are no other particular restrictions on development noted in the analysis.

Plat Map


KENNEY STREET
N 89°42'24"W
463.32'
403.00'
216.00'
511.44'
33'
38'
2012-0074-A
3.256 ACRES
2012-0073-A
5.496 ACRES
2012-0072-A
5.421 ACRES
SEE
DETAIL
BELOW
N0°00'30"E
468.49'
S0°00'30"W
550.50'
S0°00'30"W
637.61'
S0°00'30"W
663.73'
ROS 9636
H.B. LOCKWOOD'S SUBDIVISION
MAP NO. 328
S12°28'42"W
15.77'
N77°31'18"W
270.00'
201.02'
N77°31'18"W, 696.55'
412.73'
99.52'
C/L TAXIWAY T
N86°03'09"W
82.80'
135.47'
C/L RUNWAY 27 R

IMPROVEMENTS DESCRIPTION

Development/Property Name:	Sky Harbor Hangars
Property Type:	Aviation Hangars
Overview:	The subject is an existing aviation hangar complex development. The hangars are comprised of a mix of box and T-hangars. The average small T-hangar size is 1,032 SF and the large T-hangars average 1,940 SF in size. The average box hangar size is 4,500 SF. The overall total Rentable Building Area (RBA) is 156,457 square feet. Building A, B, and C improvements were constructed in 1988 and building D, E, F and G improvements were constructed in 1993. The site area is 10.917 acres or 475,545 square feet.

GENERAL - 425 - 545 KENNEY ST.

Building Identification:	425 - 545 Kenney St.
Building Class:	S – All buildings
Construction:	Corrugated Metal – All buildings
Construction Quality:	Average – All buildings
Year Built:	1988 for Bldgs A, B and C & 1993 for Bldgs D, E, F and G
Renovations:	--
Effective Age:	20 years – All buildings
Remaining Useful Life:	30 – All Buildings
Condition:	Average/Fair – All buildings
Appeal/Appearance:	Average – All buildings
Areas, Ratios & Tenant's Space Size:	Number of Stories: 1 – for all buildings Average Unit Sizes; Buildings A through F are T-Hangars Building A – 1,157 SF – 425 Kenney St. Building B – 1,018 SF – 445 Kenney St. Building C – 972 SF – 465 Kenney St. Building D – 1,006 SF – 485 Kenney St. Building E – 1,009 SF – 505 Kenney St. Building F – 1,940 SF – 525 Kenney St. Building G – 4,500 SF (Only Box hanger building) – 545 Kenney St.

FOUNDATION, FRAME & EXTERIOR - 425 - 545 KENNEY ST.

Foundation:	Poured concrete slab – All buildings
Exterior:	Corrugated Metal – All buildings
Windows:	Glass in metal frames – All buildings
Roof/Cover:	Slightly Pitched / Corrugated Metal – All buildings

INTERIOR - 425 - 545 KENNEY ST.	
Floor Cover:	Concrete in the hangar areas – All buildings
Walls:	Corrugated metal in the hangar areas – All buildings
Ceilings:	Open rafters – All buildings
Lighting:	Fluorescent – All buildings
Restrooms:	An adequate number of common area bathrooms – All buildings

MECHANICAL SYSTEMS - 425 - 545 KENNEY ST.	
Heating:	None in the hangar areas
Cooling:	None in the hangar areas
Sprinklers:	None for 425 – 525 Kenney St. – one hand held fire extinguisher per hangar 545 Kenney St. has an interior sprinkler system.
Elevators:	N/a
Security:	Average – controlled access/entry gate to the common area

PARKING	
Parking Type and Number of Spaces:	Type: Paved open surface Spaces: 43 Condition: Average
Parking Ratio:	.28 spaces per 1,000 square feet

PROPERTY ANALYSIS	
Design & Functional Utility:	Average
Deferred Maintenance:	None noted
Capital Improvements:	None.

The site improvements consist of an asphalt paved parking lot with painted stalls and landscaping along the street fronts. A chain link fence is situated at the street front. Access to the hangar complex common area is granted by a touch pad code. A mechanized sliding metal gate opens when the access code is entered.

Buildings 425, 445, 465, 485, 505 and 525 Kenney St. T-Hangars: Each of the hangars has one sliding aircraft access door. This also provides pedestrian interior hangar access. Lighting is provided by suspended fixtures and one skylight. The hangar flooring is of reinforced concrete. The interior demising walls are of corrugated metal frame and the ceilings are of metal rafters. Generally, each T-hangar has an aviation clear height of 15 feet for buildings 425, 445, 465, 485 and 505, and 16 feet for building 525. None of the T-hangars have an office buildout.

Building 545 Kenney St. Box-Hangars: Each of the hangars in the building has one average quality 'accordion' retracting curtain type megadoor and one metal pedestrian sized entry door.

Lighting is provided by suspended fixtures. The hangar flooring is of reinforced concrete. The interior demising walls are of corrugated metal frame and the ceilings are of metal rafters. Generally each box hangar has an aviation clear height of 18 feet. Some of the box hangars feature a small office buildout. The office buildouts in these hangars feature low pile carpet/wood/tile floors (depending on the area), painted drywall walls, drop suspended t-bar with acoustic tile ceilings and fluorescent lighting. There generally is one uni-sex ADA bathroom. I note hangar G-01A has a very high percentage of office buildout. I assume this was installed by the tenant years ago. This tenant also occupies hangar G-04. Hangar G-04 has very limited office space improvements. Since the office space in hangar G-01A is mostly used in conjunction with hangar G-04, most of the office buildout in G-01A is a super-improvement and has no or little secondary market value.

Based on information provided to me the average tenant's NRA is as follows:
Building A – 1,157 SF – 425 Kenney St.
Building B – 1,018 SF – 445 Kenney St.
Building C – 972 SF – 465 Kenney St.
Building D – 1,006 SF – 485 Kenney St.
Building E – 1,009 SF – 505 Kenney St.
Building F – 1,940 SF – 525 Kenney St.
Building G – 4,500 SF (Only Box hanger building) – 545 Kenney St.

425 Kenney Street – Building A

Building Area:	25,445 square feet
Year Built:	1988
No. Hangars:	22
Average Unit Size:	1,157 square feet
Dimensions (W, L):	43', 34.6'
Height:	15'

445 Kenney Street – Building B

Building Area:	24,424 square feet
Year Built:	1988
No. Hangars:	24
Average Unit Size:	1,018 square feet
Dimensions (W, L):	40', 32'
Height:	15'

465 Kenney Street – Building C

Building Area:	22,355 square feet
Year Built:	1988
No. Hangars:	23
Average Unit Size:	972 square feet
Dimensions (W, L):	40', 32'
Height:	15'

485 Kenney Street – Building D

Building Area:	21,142 square feet
Year Built:	1993
No. Hangars:	21
Average Unit Size:	1,006 square feet
Dimensions (W, L):	40', 32'
Height:	15'

505 Kenney Street – Building E

Building Area:	20,182 square feet
Year Built:	1993
No. Hangars:	20
Average Unit Size:	1,009 square feet
Dimensions (W, L):	40', 32'
Height:	15'

525 Kenney Street – Building F

Building Area:	19,398 square feet
Year Built:	1993
No. Hangars:	10
Average Unit Size:	1,940 square feet
Dimensions (W, L):	50', 50'
Height:	19'

545 Kenney Street – Building G

Building Area:	18,000 square feet
Year Built:	1993
No. Hangars:	4
Average Unit Size:	4,500 square feet
Dimensions (W, L):	75', 60'
Height:	24'

My basic measurements during the inspection are similar to the provided SF. Therefore, I will use the average SF above for the NRA. I note my estimates for buildings F and G's clear height are 16' and 18' respectively. The limiting conditions of this report state: I have made no engineering survey of the property and assume no responsibility in connection with such matters. The sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct. I also reserve the right to re-evaluate the subject's value and square footage if more reliable data becomes available in the future regarding the subject's square footage and parking.

IMPROVEMENTS ANALYSIS

Quality and Condition

The improvements are of average quality construction and are in average condition. The quality of the subject is considered to be consistent with that of competing properties, and maintenance appears to have been consistent with that of competing properties. Overall, the market appeal of the subject is consistent with that of competing properties.

Functional Utility

The improvements appear to be adequately suited to their current use.

Deferred Maintenance

No deferred maintenance is apparent from my inspection.

ADA Compliance

Based on my inspection and information provided, I am not aware of any ADA issues. However, I am not an expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review, and environmental issues are beyond my scope of expertise. No hazardous substances were observed during my inspection of the improvements; however, I am not qualified to detect such substances.

Personal Property

There are no personal property items that would be significant to the overall valuation.

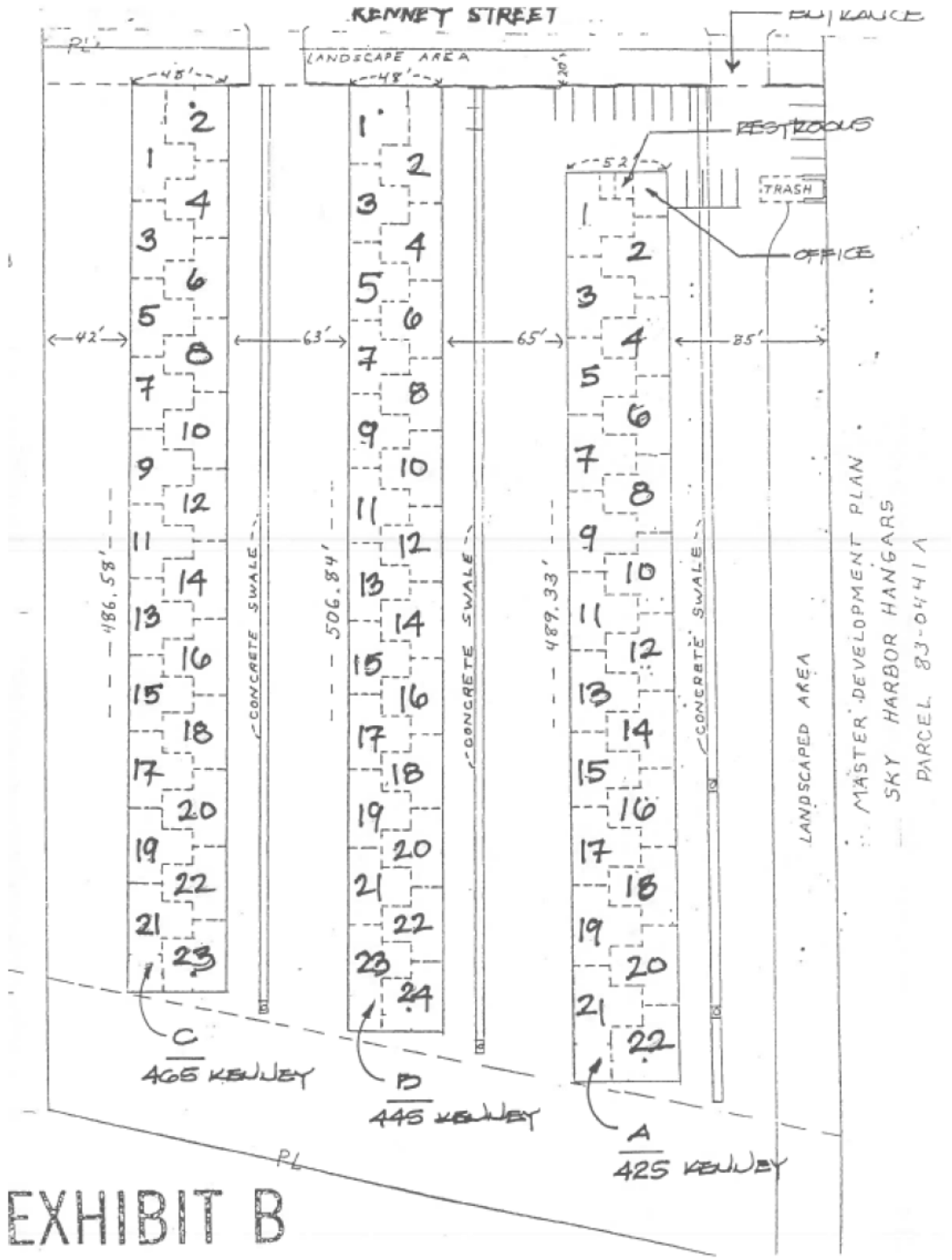
CONCLUSION OF IMPROVEMENTS ANALYSIS

Overall, the quality, condition, and functional utility of the improvements are average for their age and location.

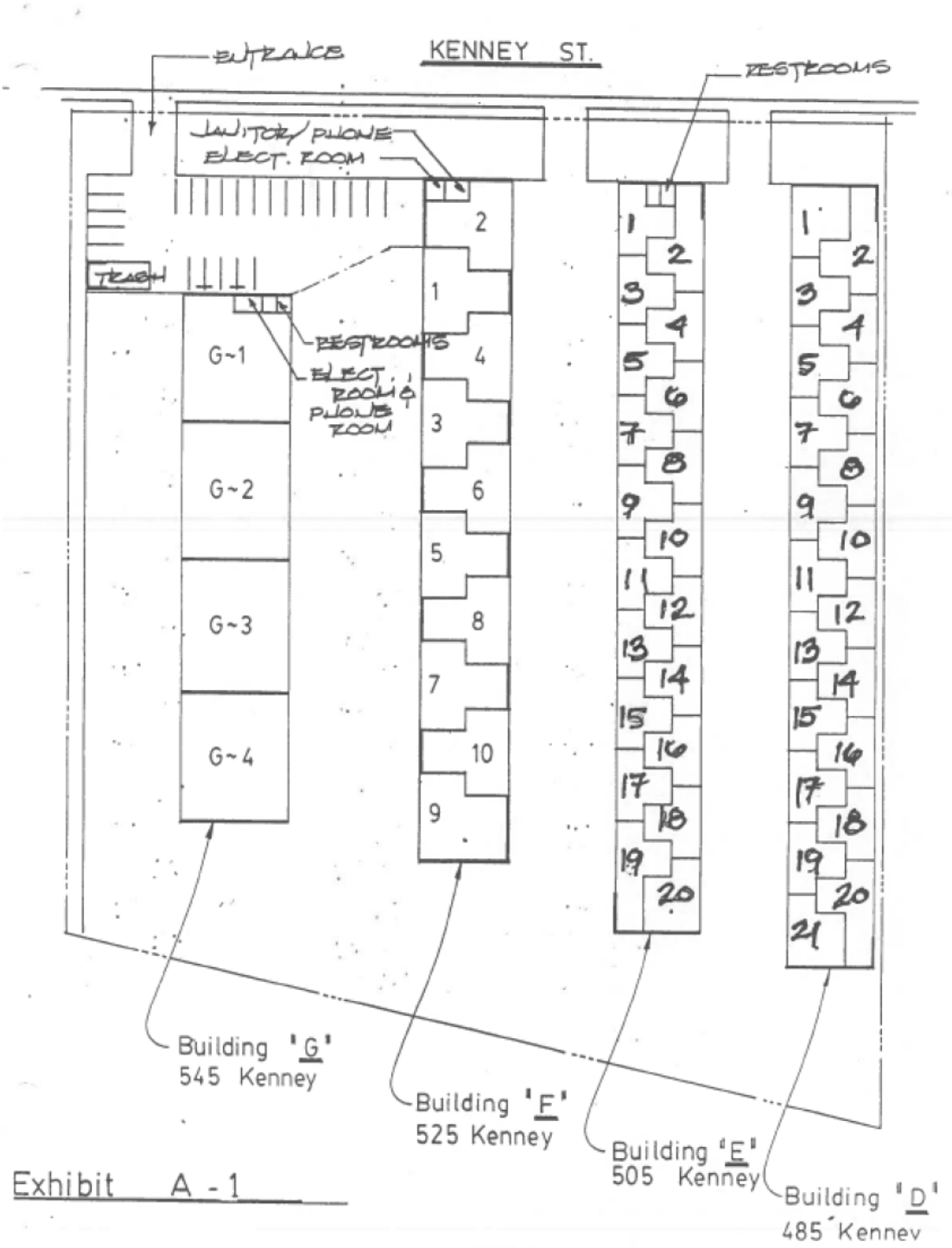
Aerial View

SUBJECT PHOTOS

Site Plan


KENNEY STREET
LANDSCAPE AREA
REST ROOMS
TRASH
OFFICE
CONCRETE SWALE
CONCRETE SWALE
CONCRETE SWALE
LANDSCAPED AREA
MASTER DEVELOPMENT PLAN
SKY HARBOR HANGARS
PARCEL 83-0441A
C
465 KENNEY
D
445 KENNEY
A
425 KENNEY
EXHIBIT B

Site Plan


ENTRANCE
KENNEY ST.
RESTROOMS
JANITOR/PHONE
ELECT. ROOM
TRASH
RESTROOMS
ELECT. ROOM & PHONE ROOM
G-1
G-2
G-3
G-4
Building 'G'
545 Kenney
Building 'F'
525 Kenney
Building 'E'
505 Kenney
Building 'D'
485 Kenney
Exhibit A-1

Subject – Hangar Building A – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building A – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building B – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building B – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building C – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building C – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building D – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building D – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building E – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building E – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building F – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building F – T-Hangars
(Photo Taken on November 12, 2024)

Hangar Building G – Box Hangars
(Photo Taken on November 12, 2024)

Hangar Building G – Box Hangars
(Photo Taken on November 12, 2024)

Adjacent Airport Runways
(Photo Taken on November 12, 2024)

Sky Harbor Hangars
(Photo Taken on November 12, 2024)

Street View
(Photo Taken on November 12, 2024)

Street View
(Photo Taken on November 12, 2024)

Typical T-Hangar Interior
(Photo Taken on November 12, 2024)

Typical T-Hangar Interior
(Photo Taken on November 12, 2024)

Typical T-Hangar Interior
(Photo Taken on November 12, 2024)

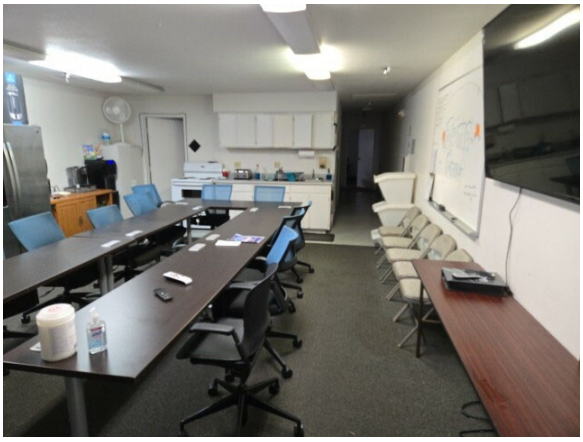
Typical T-Hangar Interior
(Photo Taken on November 12, 2024)

Typical T-Hangar Interior
(Photo Taken on November 12, 2024)

Typical T-Hangar Interior
(Photo Taken on November 12, 2024)

Typical Box Hangar Interior – G-04
(Photo Taken on November 12, 2024)

Typical Box Hangar Interior – G-04
(Photo Taken on November 12, 2024)



Box Hangar Interior with Office Buildout – G-01A
(Photo Taken on November 12, 2024)

Box Hangar Interior with Office Buildout – G-01A
(Photo Taken on November 12, 2024)

Box Hangar Interior with Office Buildout – G-01A
(Photo Taken on November 12, 2024)

Assessment and Taxes

Taxing Authority San Diego County

Assessment Year 2024/2024

Real Estate Assessment and Taxes						
Tax ID	Land	Improvements	Total Assessment	Tax Rate	Special Assessments	Taxes
387-190-08 (Por) - 760-231-49-02 Possessory Parcel	$166,309	$291,445	$457,754	1.181740%	$0.00	$5,409
387-190-08 (Por) - 760-231-49-03 Possessory Parcel	$88,407	$228,993	$317,400	1.181740%	$0.00	$3,751
Totals	$254,716	$520,438	$775,154		$0.00	$9,160

Real estate taxes for the subject property are assessed and collected by the County of San Diego. The property is subject to the property tax rules of the state of California, which control the activities and policies of local assessment jurisdictions. These laws were significantly modified on June 7, 1978, when the state's voters passed Proposition 13, amending Article XIII of the State Constitution.

Proposition 13 abolished the practice of periodic reassessment of properties, based on market value appraisals. Instead, real property is subject to reassessment (i.e., revaluation at full or partial current market value) only with changes in ownership or new construction or major remodeling etc. takes place. Otherwise, increases in assessed value are limited to no more than 2% per year. In addition, tax rates are limited to a general rate of 1%, plus the rates needed to service any bonded indebtedness. Voter-approved direct assessments can also be added, and are often related to the installation of infrastructure. Re-assessments occur on a change of ownership, new construction, major remodeling, etc.

The subject's effective property tax rate including fixed charges and special assessments is commensurate with competing properties in the subject's CMA and with the comparables utilized within this report. No adjustments to the comparables were necessary for differences in effective property tax rates. The appraiser is not aware of any past due taxes to be paid.

The analysis contained in this report estimates the fair market rent of the existing building as is; therefore, I do not comment on the assessed values and/or real estate taxes.

Zoning

LAND USE CONTROLS

Zoning Summary	
Zoning Authority	The City of El Cajon
Zoning Code	M
Zoning Type/Description	Industrial
Gillespie Field ALUCP	Transportation/Utilities/Misc. – Safety Zone 5
Current Use Legally Conforming	The subject appears to be a legally conforming use
Zoning Change Likely	A zoning change is unlikely.
Zoning Density/FAR	N/a
Minimum Lot Area	20,000 sf
Lot Width	150 feet
Minimum Side Yard Setback	20 feet
Minimum Landscaped Setback	10 feet
Minimum Structual Setback	20 feet
Maximum Building Height	35 feet
Zoning Data Source	City Website

Per the City's Website: The M zone is intended provide for manufacturing, warehousing, and limited industrial uses as well as certain employment generating office and service uses characterized by: a lack of public contact, a non-retail orientation, limited traffic generation, and no need for advertising or retail signage.

The Gillespie Airport Land Use Compatibility Plan (ALUCP) also dictates the allowable uses for the subject's site. These uses include agricultural, residential, public, commercial and industrial, office, retail, hospitality, educational/institutional, etc.

Excerpts from County's Planning Documents regarding ALUCP area regulations are provided in the addenda.

I am not aware of any pending or prospective zoning changes. It appears that the current use of the site is legal conforming use. However, it should be noted that I did not perform a complete zoning compliance study and am not an expert on zoning and building codes. My valuation assumes that the subject conforms to all development standards under the zoning codes and all building standards under the building codes. I reserve the right to change my value if this assumption is found to be inaccurate.

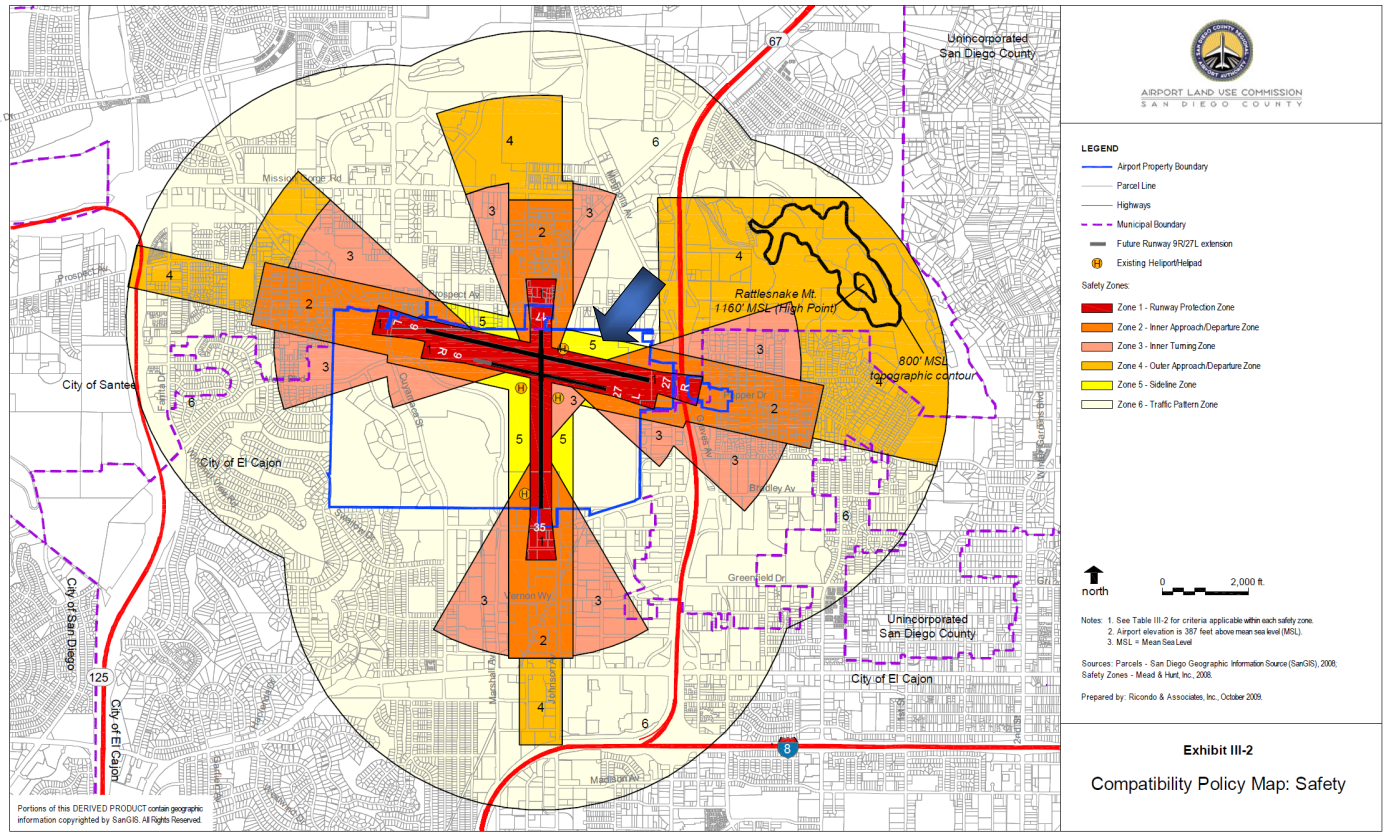
An appropriately qualified land use attorney and building inspector should be engaged if a determination of compliance to code is required.

Excerpts from the Gillespie Field Airport Land Use Compatibility Plan (ALUCP) illustrating noise compatibility criteria are found in the addenda.

Ambient noise levels influence the potential intrusiveness of aircraft noise upon a particular land use and vary greatly between rural, suburban, and urban communities. For the purposes

of this Compatibility Plan, the Airport vicinity is considered an urban community. Factors considered in setting the criteria include: The extent to which noise would intrude upon and interrupt the activity associated with a particular use; The extent to which the activity itself generates noise; The extent of outdoor activity associated with a particular land use.

The subject is mostly located within an area identified in the ALUCP with noise levels of between 65 – 75 dB CNEL. This does not limit the subject's site development with aircraft hangars. However, limitation for other types of development are found within the noise ALUCP metric table found in the addenda.



The subject appears to be in Safety Zone 5. The subject's safety zone dictates the allowable uses. Aircraft hangars are allowed within Safety Zone 5. Other allowable uses are found in the ALUCP metric table found in the addenda.

Allowable uses for the subject's Safety Zone 5 are found in the addenda. Measures of Safety Compatibility: To minimize risks to people and property on the ground and to people on board aircraft, the safety compatibility criteria set limits on:

(a) The density of residential development, as measured by the number of dwelling units per acre. The residential density limitations cannot be equated to the usage intensity limitations for nonresidential uses. Further, as suggested by the *Handbook* (ALUCP), a greater degree of protection is warranted for residential uses.

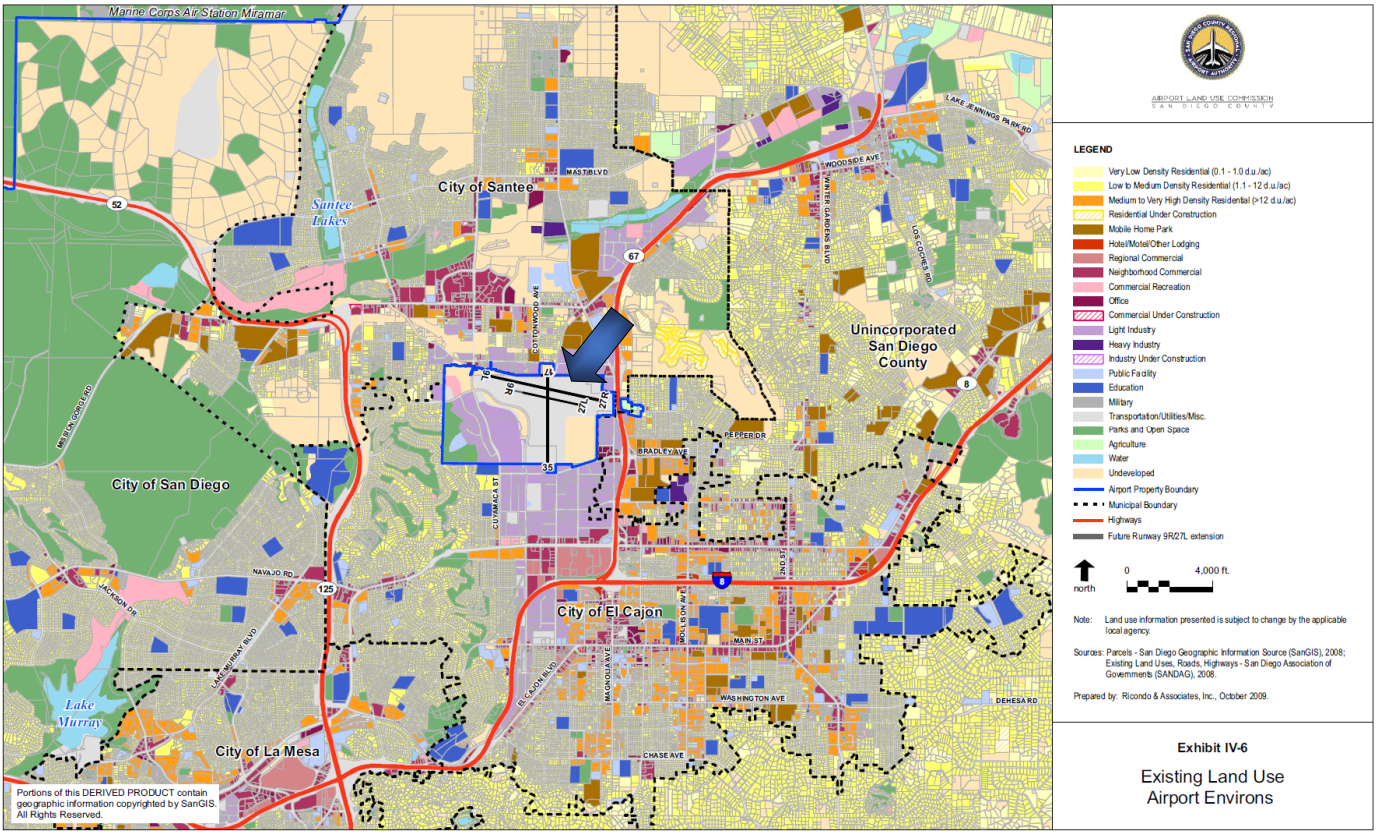
(b) The intensity of nonresidential development, as measured by the number of people per acre in areas most susceptible to aircraft accidents.

(c) The development or expansion of certain uses that represent special safety concerns regardless of the number of people present.

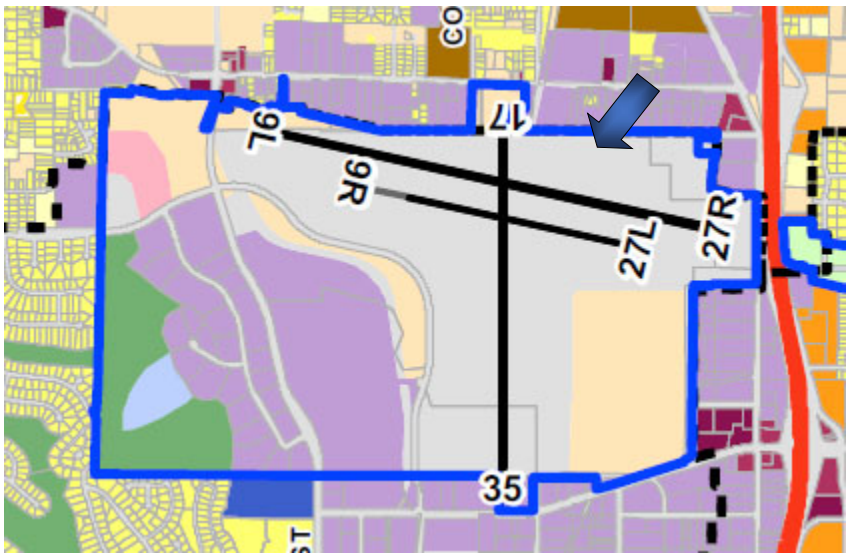
(d) The extent to which development covers the project site and thus limits the options of where an aircraft in distress can attempt an emergency landing.

According to a representative of San Diego County's DPW – Airports, the allowable uses and development standards for a new development on the airport site must be consistent and/or comply with the ALUCP. In other words, the ALUCP takes precedence over the County's allowable uses and development standards.

Development standard details from the ALUCP are found in the addenda.



Gillespie Field Airport Land Use Compatibility Plan
January 25, 2010



Highest and Best Use

PROCESS

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

HIGHEST AND BEST USE AS IF VACANT

Legally Permissible

The site is zoned Industrial - Transportation/Utilities/Misc. – Safety Zone 5. Permitted uses include aircraft storage, residential, retail, hospitality, industrial, office, public emergency services and agriculture. To my knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Financially Feasible

Based on the Gillespie Field Airport Land Use Compatibility Plan, a variety of uses are permissible on the subject's site. A retail use would be purely a destination location and the area most likely does not have the traffic counts to support a retail use. Office and hospitality uses would most likely not be feasible due to the subject's low demand for these uses at the site. Residential, multifamily, emergency services and agricultural uses would most likely not yield a rent level higher than an aviation industrial use. Furthermore, a residential and/or multi-family development would not be conducive given the very close proximity to an aircraft runway. Based on my analysis of the market, there is currently adequate demand for an aviation industrial use in the subject's area and site. It appears that a newly developed aviation industrial use on the site would have a value commensurate with its cost. Therefore, an aviation industrial use is considered to be financially feasible. In this case, the exact type, size and configuration of improvements are beyond the scope of this appraisal.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than an aviation industrial use. Accordingly, it is my opinion that a aviation industrial use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property. In this case, the exact type, size and configuration of improvements are beyond the scope of this appraisal.

Conclusion

Development of the site for an aviation industrial use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant. In this case, the exact type, size and configuration of improvements are beyond the scope of this appraisal.

AS IMPROVED

The subject site is developed with an aircraft hangar complex, which is consistent with the highest and best use of the site as if it were vacant.

The existing improvements are currently leased and produce a significant positive cash flow that I expect will continue. Several scenarios are examined to analyze feasibility, as follows:

Conversion: A repurposing of the subject property is not likely to result in significantly higher rental rates or property value. Converting the subject property to an alternative use is not applicable in this case, nor is it likely.

Expansion: The existing improvements on the subject site suggests there is no excess or surplus land available for expansion. The property's building to land ratio falls within the typical range observed among competing properties. Expansion appears unlikely.

Renovation: The subject has an overall effective age of 20 years and is in average/good condition. It does not appear that renovation of the property would significantly increase rental rates or property value.

Continuation: The current use of the subject property appears to meet the four criteria for highest and best use. Based on the analysis above, a continuation of the current use is concluded to be financially feasible.

Based on my analysis, it is possible the current use is highest and best use as improved. However, determination of this is beyond the scope of this appraisal.

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Not Applicable	Not Utilized
Income Capitalization Approach	Applicable	Utilized

The **income capitalization** approach is the most reliable valuation method for the subject due to the following:

- There is sufficient market data regarding rental rates for similar type properties in the subject's submarket. Therefore, I have elected to use a portion of this approach to determine a fair market rent for the subject.

The **sales comparison** approach is not applicable to the subject because:

- This approach does not reflect the primary analysis undertaken by a fair market rent analysis.

The **cost approach** is not applicable to the subject considering the following:

- This approach does not reflect the primary analysis undertaken by a fair market rent analysis.

Market Rent

Contract rents typically establish income for leased space, while market rent is the basis for estimating income for current vacant space and future speculative re-leasing of space due to expired leases.

A systematic process involving research, collection, and analysis of data constitutes the backbone of estimating the market rent of real property. Supporting data is gathered, classified, and analyzed to provide the value estimate.

To estimate an appropriate market rent for the subject, the appraiser considers not only the comparable leases, but also the opinions of commercial leasing agents who specialize in leasing properties similar to the subject and in the subject's market area.

Market rent may be defined as:

"The reasonable rent expectancy if the property were available for lease; the price being paid for comparable space as distinguished from contract rent. The base rent justifiably payable for the right of occupancy of the premises."

Market rent may also be defined as the amount of money per month or year, which a tenant or a landlord would agree to pay and receive for certain space, provided both are knowledgeable about other comparable spaces and tenants in the marketplace and have an average but not exigent motivation to locate the lease. It is analogous to the term "market value of rent." The term "comparable spaces" in this instance indicates that amenities enjoyed by the tenant would be relatively the same and all spaces said to be comparable or else adjustments of rent rate are made to offset each amenity not provided by a particular space or unit.

Asking Rates: Asking rates are those rental rates being asked for vacant pad or land space in the marketplace. These rates are typically higher than contract or effective rates as they represent only the asking rates prior to or during negotiations and concessions.

Contract Rates: Contract rates are the actual rental rates as stated within a lease. Due to negotiations, they are typically below the asking rate. The contract rate does not account for any concessions such as free rent, moving allowances or other incentives to the tenant.

Effective Rents: Effective rates are the actual rents collected after adjustments for any concessions, such as free rent or moving allowances. Effective rates do not include any adjustment for typical tenant improvements; however, if the tenant improvement allowance is in excess of the market, an adjustment has been made.

As effective rents represent the actual amounts collected. All comparisons made to the market data have been based upon contract rents.

Gross Lease Terms Definition: Under market terms, lease expense structures are based on a gross terms or a lease in which the landlord absorbs all expenses including structural maintenance and repairs, taxes, insurance, reserves, utility costs, management, etc.

Concessions: Rental concessions, in the form of free rent were virtually non-existent in the market. It was concluded that concessions of free rent are not appropriate for the rental of the subject property.

To estimate market rent for the subject, I searched for comparable rentals within the following parameters:

- Location: San Diego County with a Gillespie Field Focus
- Building Class: All
- Space Size: All

To estimate market rent, I analyze comparable rentals most relevant to the subject in terms of location, building class, size, and transaction date. I focused my search for properties which have similar size and building quality as compared to the subject.

The landlord is responsible for all other operating expenses.

Market Rent Comparables

I have researched nine comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid.

Comparable rentals considered most relevant are summarized in the following table. All leases have been researched through numerous sources, inspected and verified by a party to the transaction.

All the lease comparables are on gross expense terms. **Gross Lease Terms Definition:** lease expense structures are based on a gross terms or a lease in which the landlord absorbs all expenses including structural maintenance and repairs, taxes, insurance, reserves, utility costs, management, etc.

Comp	Address City/State	Year Built Condition	Property Name Lessee	Date	Lease Term	Lease Type	SF	Rent/SF/Mo.
1	1820-1840 Joe Crosson Dr. El Cajon, CA	1976 - T-hangars / 2009 - Box hangars Average	RPG Aviation (FBO) Box Hangar User T-Hanger User	 11/7/2024 11/7/2024	 MTM MTM	 Gross Gross	 3,640 1,095	 $1.10 $0.59
2	1720-1780 Joe Crosson Dr. El Cajon, CA	1980 Average/Fair	McHone Gillespie Field (FBO) Small T-Hangar User Larger T-Hangar User	 11/7/2024 11/7/2024	 MTM MTM	 Gross Gross	 870 1,316	 $0.56 $0.46
3	1900 - 1940 Joe Crosson Dr. El Cajon, CA	1975 / 2008 Average/Fair	Safari Air - East (FBO) T-hangar User Box Hangar User	 11/7/2024 11/20/2024	 MTM MTM	 Gross Gross	 1,092 4,200	 $0.57 $0.98
4	1905 - 1935 N. Marshall Ave. El Cajon, CA	1975 / 2008 Average	Mitre Aviation (FBO) Small T-Hangar User Larger T-Hangar User Box Hangar User	 11/7/2024 11/7/2024 11/7/2024	 MTM MTM MTM	 Gross Gross Gross	 1,040 1,200 3,600	 $0.58 $0.63 $0.60
5	1987 N. Marshall Ave. El Cajon, CA	1968 Average/Fair	San Diego Aircraft Storage (FBO) T-hangar User Box Hangar User	 11/7/2024 11/7/2024	 MTM MTM	 Gross Gross	 900 2,700	 $0.66 $1.00
6	2898 Montecito Rd. Ramona, CA	1987 Average/Fair	Chuck Hall Aviation (FBO) Small T-Hangar User Larger T-Hangar User	 11/7/2024 11/7/2024	 MTM MTM	 Gross Gross	 900 1,380	 $0.59 $0.50
7	480 Airport Rd. Oceanside, CA	1960s / 2000 Average	Oceanside Airport (FBO) C Bldg T-Hangar User	 11/8/2024	 MTM	 Gross	 1,200	 $0.47
8	3753 - 3794 John J. Montgomery Dr. San Diego, CA	1980 / 2002 Average	CrownAir Aviation (FBO) T-hangar User Box Hangar User	 11/11/2024 11/11/2024	 MTM MTM	 Gross Gross	 1,000 2,700	 $0.80 $1.50
9	2141 S. Mission Rd. Fallbrook, CA	2005 Average	Fallbrook Airpark - L18 (FBO) T-Hangar User Box Hangar User	 11/13/2024 11/13/2024	 MTM MTM	 Gross Gross	 1,200 1,800	 $0.42 $0.39

The lease data was collected from the master ground lessee fixed base operator (property name FBO) and are identified in the chart above. The respective FBOs sub-lease hangar space and are the lessors to the individual tenants.

Lease Comparable 1

Location		Building	
ID	6434	**Name**	RPG Aviation (FBO)
Address	1820-1840 Joe Crosson Dr.	**Year Built**	1976 - T-hangars / 2009 - Box hangars
City	El Cajon	**Condition**	Average
State	CA	**Construction Class**	Class S
Property Major	Special Purpose	**Rentable Area**	54,980
		Verification	Russ Gilman, RPG

Leases

Tenant	Size	Eff. Rent/SF/Mo.	Type	Term
Box Hangar User	3,640	$1.10	Gross	MTM
T-Hanger User	1,095	$0.59	Gross	MTM

Comments

Rate includes utilities. Box hangars have an office space that ranges from 800 SF to 1,500 SF and are mezzanine space (approximately 20 ft clear height). The office buildout has a bathroom and some have a shower.

T-hangars have no interior buildout and bathrooms are found in a common area. The T-hangers were built in 1976 (approximately 14 ft clear height).

T- hangars lease for $650/Mo and box hangars lease for $1.10/SF/Mo Gross.

Lease Comparable 2

Location		Building	
ID	6435	**Name**	McHone Gillespie Field (FBO)
Address	1720-1780 Joe Crosson Dr.	**Year Built**	1980
City	El Cajon	**Condition**	Average/Fair
State	CA	**Construction Class**	Class S
Property Major	Special Purpose	**Rentable Area**	90,670
		Verification	Marshal Primm, Gillespie Field Partners

Leases

Tenant	Size	Eff. Rent/SF/Mo.	Type	Term
Small T-Hangar User	870	$0.56	Gross	MTM
Larger T-Hangar User	1,316	$0.46	Gross	MTM

Comments

Utilities are included in the rate. Common area bathrooms are available. No office buildout in the interior hangar space. The hangars have sliding access doors.

T-hangars lease for $485/Mo Gross with approximately 16 ft clear height.

Lease Comparable 3

Location		Building	
ID	6436	**Name**	Safari Air - East (FBO)
Address	1900 - 1940 Joe Crosson Dr.	**Year Built**	1975 / 2008
City	El Cajon	**Condition**	Average/Fair
State	CA	**Construction Class**	Class S
Property Major	Special Purpose	**Rentable Area**	41,976
		Verification	Doris McDowell, Safari Air

Leases

Tenant	Size	Eff. Rent/SF/Mo.	Type	Term
T-hangar User	1,092	$0.57	Gross	MTM
Box Hangar User	4,200	$0.98	Gross	MTM

Comments

Rate includes utilities; T-hangars have no office buildout; Bathrooms are available in a common area; Hanging light fixtures. Box hangars have bi-fold doors and T-hangars can have either bi-fold or sliding doors. Clear height of the T-hangars and box hangars are approximately 16 feet and 18 feet respectively.

T-hangars lease for $625/Mo.

Box hangar 1952 leases for $4,100/Mo gross and has some office mezzanine area. The hangar footprint is 4,200 SF. Box hangar 1940-14 leases for $3,120/Mo and has some mezzanine office area. The hangar footprint is 3,120 SF.

Lease Comparable 4

Location		Building	
ID	6437	**Name**	Mitre Aviation (FBO)
Address	1905 - 1935 N. Marshall Ave.	**Year Built**	1975 / 2008
City	El Cajon	**Condition**	Average
State	CA	**Construction Class**	Class S
Property Major	Special Purpose	**Rentable Area**	76,335
		Verification	Darren Miller, Mitre Aviation

Leases

Tenant	Size	Eff. Rent/SF/Mo.	Type	Term
Small T-Hangar User	1,040	$0.58	Gross	MTM
Larger T-Hangar User	1,200	$0.63	Gross	MTM
Box Hangar User	3,600	$0.60	Gross	MTM

Comments

Rate includes all utilities; The T-hangars do not have any buildout (approximately 16 ft clear height), however, the more 'modern' T-Hangars lease for $0.625/SF/Mo and $0.688/SFMo Gross respectively for small and larger hangars.

The box hangars have basic 10% office buildout with a bathroom (approximately 18 to 20 ft clear height).

Small T-hangars lease for $600/Mo and 'larger' T-hangars lease for $750/Mo Gross.
Box hangars lease for $2,050/Mo Gross.
The box hangars constructed in 2008 lease for $5,100/Mo Gross (5,000 SF) and $5,200/Mo Gross (6,000 SF).
Box have bi-fold doors and the T-hangars have either bi-fold doors or sliding doors.

Lease Comparable 5

Location		Building	
ID	6438	**Name**	San Diego Aircraft Storage (FBO)
Address	1987 N. Marshall Ave.	**Year Built**	1968
City	El Cajon	**Condition**	Average/Fair
State	CA	**Construction Class**	Class S
Property Major	Special Purpose	**Rentable Area**	29,680
		Verification	Paul Jensen, SD Aircraft Storage

Leases

Tenant	Size	Eff. Rent/SF/Mo.	Type	Term
T-hangar User	900	$0.66	Gross	MTM
Box Hangar User	2,700	$1.00	Gross	MTM

Comments

Rate includes all utilities; The T-hangars do not have any buildout (approximately 14 ft clear height); T-hangars have sliding doors.

The box hangars have basic 10% office buildout with a bathroom (approximately 18 ft clear height); Box hangars have bi-fold doors.

T-hangars lease for $595/Mo Gross.
Box hangars lease for $1.00/SF/Mo Gross.

Lease Comparable 6

Location		Building	
ID	6439	**Name**	Chuck Hall Aviation (FBO)
Address	2898 Montecito Rd.	**Year Built**	1987
City	Ramona	**Condition**	Average/Fair
State	CA	**Construction Class**	Class S
Property Major	Special Purpose	**Rentable Area**	27,000
		Verification	John, 760 789-8178

Leases

Tenant	Size	Eff. Rent/SF/Mo.	Type	Term	Term
Small T-Hangar User	900	$0.59	Gross		MTM
Larger T-Hangar User	1,380	$0.50	Gross		MTM

Comments

Hangars are in shell condition; Rate includes utilities; T-hangars have sliding doors and a clear height of 16 feet.

Small T-hangars lease for $535/Mo Gross.
Larger T-hangars lease for $695/Mo Gross.

Lease Comparable 7

Location		Building	
ID	6440	**Name**	Oceanside Airport (FBO)
Address	480 Airport Rd.	**Year Built**	1960s / 2000
City	Oceanside	**Condition**	Average
State	CA	**Construction Class**	Class S
Property Major	Special Purpose	**Rentable Area**	35,750
		Verification	Andrew Wingnot, Mgr

Leases

Tenant	Size	Eff. Rent/SF/Mo.	Type	Term
C Bldg T-Hangar User	1,200	$0.47	Gross	MTM

Comments

Common area bathrooms; No office buildout in the T-hangars (approximately 18 ft clear height); Rate includes utilities ($567/Mo Gross); Interior lighting provided; The newer D building hangars lease for $0.583/SF/Mo Gross; Bi-fold door access.

Lease Comparable 8

Location		Building	
ID	6443	**Name**	CrownAir Aviation (FBO)
Address	3753 - 3794 John J. Montgomery Dr.	**Year Built**	1980 / 2002
City	San Diego	**Condition**	Average
State	CA	**Construction Class**	Class S
Property Major	Special Purpose	**Rentable Area**	65,644
		Verification	Kelly Culbert, CrownAir

Leases

Tenant	Size	Eff. Rent/SF/Mo.	Type	Term
T-hangar User	1,000	$0.80	Gross	MTM
Box Hangar User	2,700	$1.50	Gross	MTM

Comments

The leases terms include utilities; The T-hangars are in shell condition (approximately 16 ft clear height); The box hangars have small basic office buildout with a bathroom (approximately 20 ft clear height); The hangars have sliding doors; The lease rates are the same for all T-hangar and box hangar sizes at $0.80/SF/Mo and $1.50/SF/Mo respectively.

Lease Comparable 9

Location		Building	
ID	6444	**Name**	Fallbrook Airpark - L18 (FBO)
Address	2141 S. Mission Rd.	**Year Built**	2005
City	Fallbrook	**Condition**	Average
State	CA	**Construction Class**	Class S
Property Major	Special Purpose	**Rentable Area**	61,820
		Verification	Alison Gibbons, L18 Airpark

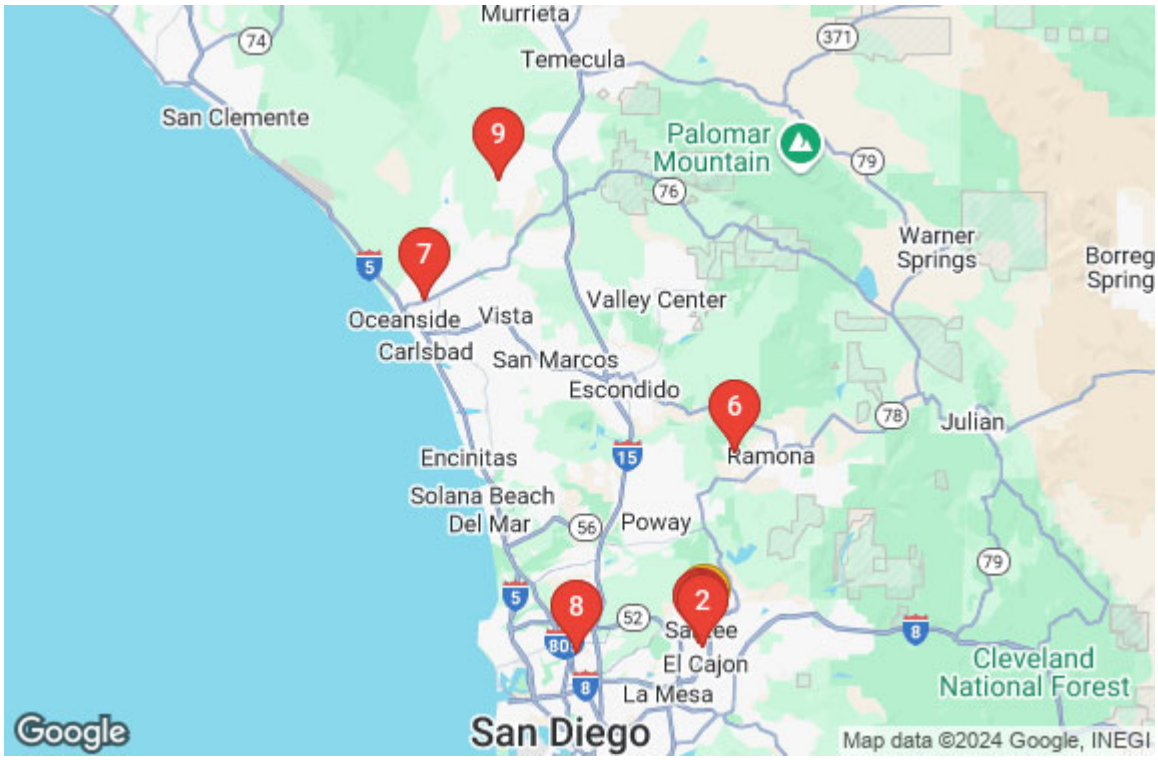
Leases

Tenant	Size	Eff. Rent/SF/Mo.	Type	Term
T-Hangar User	1,200	$0.42	Gross	MTM
Box Hangar User	1,800	$0.39	Gross	MTM

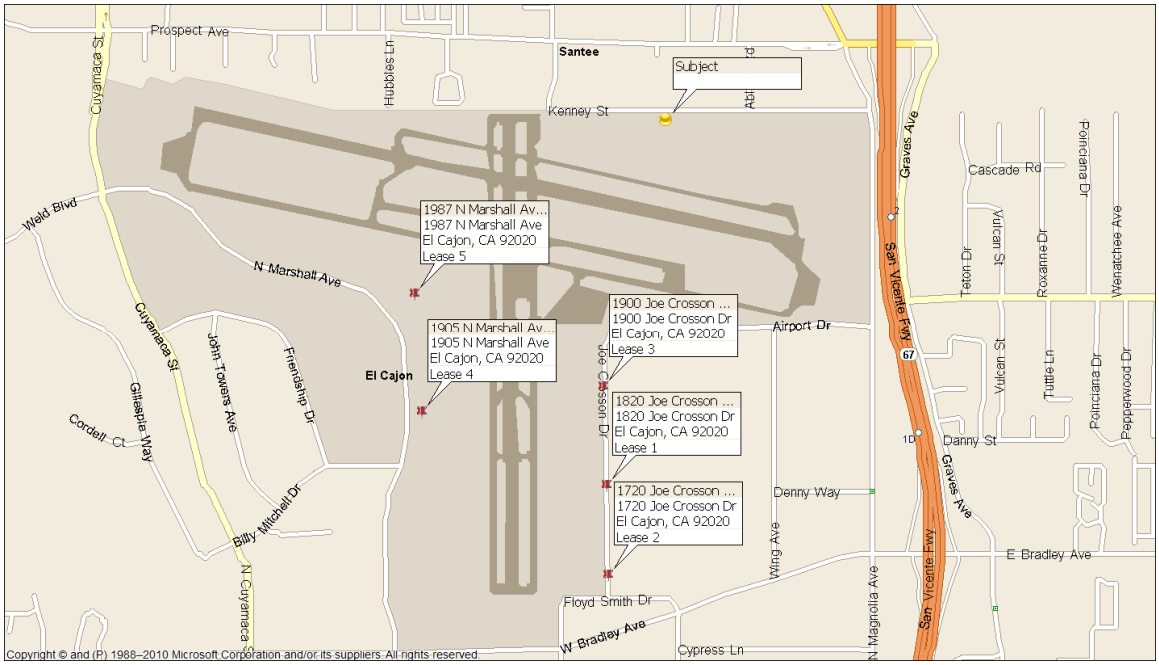
Comments

Rate includes utilities; Interior lighting provided; Bi-fold doors; T-hangars are in shell condition (approximately 15 ft clear height); Common area bathrooms; Some of the box hangars (approximately 16-18 ft clear height) also feature a small enclosed office with an ADA bathroom (includes a shower stall). The property manager provided 1,000 SF and 1,680 SF for the T and box hangars respectively. My prior appraisal of the leasehold improvements have the T and box hangars at 1,200 SF and 1,800 SF respectively. The overall monthly rent for the T and box hangars is $500/Mo and $700/Mo respectively.

Comparables Map For All Hangar Types



Pin 2 overlaps Pins 1, 3, 4 and 5 in the map above. See map below for more details.



The analysis of the hangar lease data will be partitioned into three parts. The first and second adjustment grids will respectively be for the subject's 'small' and 'large' T-hangar space. The small average T-hangar sizes range from 972 SF to 1,157 SF. The large T-hangars average 1,940 SF in size. Finally, the box hangar lease data will have its own adjustment grid analysis.

Analysis Grid Factors For All Hangar Types

The following elements of comparison are considered in my analysis of the comparable rentals.

RENTAL ANALYSIS FACTORS	
Expense Structure	Division of expense responsibilities between landlord and tenants.
Conditions of Lease	Extraordinary motivations of either landlord or tenant to complete the transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on rent; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Difference in rental rates that is often attributable to variation in sizes of leased space.
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Variations in rental rate attributable to such factors as free rent or other concessions, pattern of rent changes over lease term, or tenant improvement allowances.

Market data is currently limited from which to empirically extract precise adjustments from paired leases. It should also be noted that industrial real estate similar to the subject does not exchange on a high transaction volume organized market with very precise price points such as a homogeneous commodity. Given that each industrial property is unique, nuanced, and immovable, and given the limitations in the current availability of transaction data, highly precise adjustments in the current analysis are not realistic. Rather, I rely on an adjustment method known as bracketing wherein I identify characteristics among the aggregate of the comparable data set that are superior, similar, and/or inferior to the subject. I apply adjustments to the comparables for superior or inferior characteristics based on approximated inferred market premiums or discounts (as implied and inferred among the aggregate of the comparable data set) for the superior/inferior characteristics. Prior to the adjustment process the comparable data set broadly surrounds the likely market unit rental rate of the subject. After applying adjustments for differences in characteristics (based on inferences of premiums/discounts within the comparable data set) the adjusted comparable data set more narrowly surrounds the likely market unit rental rate of the subject. In the reconciliation

process, I identify and emphasize the adjusted comparable data that is most similar to the subject and most strongly supports the most likely market unit rental rate of the subject.

The rent at the comparables has been translated to a rent per square foot, per month indicator, which for some property types is an expression of rent. However, market participants typically do not analyze comparables via the adjustment grid process. Nevertheless, any tenant or landlord in any type of leasing market will subjectively weigh the positives and negatives of each property choice in a market before making final decisions relative to appropriate pricing. Historical appraisal methodology has accepted the practice of using adjustment grids, and the use of such grids is intended to help the reader better understand our analysis of the magnitude of differences between the properties. Although the adjustments are felt to represent reasonable market reaction relative to the direction in terms of either the superiority or inferiority of each component, admittedly, in some cases the magnitude of the adjustment is largely subjective.

Due to the unique nature of the subject and comparables, and the difficulty in quantifying adjustments for properties of this type, a qualitative ranking analysis is conducted.

Small T-Hangar Market Rent

In the following chart is a rental comparison displaying the subject property, the comparables and the adjustments considered.

Conditions of Lease

The leases analyzed are arm's-length transactions. No adjustment is required for conditions of lease.

Expense Terms

All the leases analyzed are on Gross terms or the market standard. No adjustment is required for expense terms.

Market Conditions

All the leases are on MTM terms. Since an informed Lessor and Lessee would be aware of market conditions and would either raise the lease rate to market or a tenant would vacate to another location at a market rate, I do not apply a market conditions adjustment.

Comp	Rent	Comparability	Adjustments
8	$0.80	Superior	Market participants indicate the location for this comparable is superior. It is also slightly superior with respect to age/condition.
5	$0.66	Similar/Outlier	This property is overall considered similar to the subject; however, it sets the upper limit for the subject's obtainable rents.
1	$0.59	Sl. Superior	This property is considered slightly superior with respect to age/condition.
6	$0.59	Similar	Overall, this data point is similar to the subject.
4	$0.58	Sl. Superior	This property is considered slightly superior with respect to age/condition.
3	$0.57	Sl. Superior	This property is considered slightly superior with respect to age/condition.
Subject	$0.57		
2	$0.56	Similar	Overall, this data point is similar to the subject.
7	$0.47	Inferior	This property has an inferior location as compared to the subject.
9	$0.42	Inferior	This property has an inferior location as compared to the subject.

Small T-hangar Market Rent Reconciliation

Ranges & Reconciled Rent - Small T-hangars				
Number of Comps:	9	Unadjusted	Adjusted	% A
Low:		$0.42		
High:		$0.80		
Average:		$0.58		
Median:		$0.58		
Reconciled Market Rent:		**$0.57**		
Zero Dollars and Fifty Seven Cents				

Leases 2, 3, 4 and 6 have the most similar characteristics as compared to the subject. However, leases 2 and 3 have the most similar age/condition as compared to the subject. Therefore, greatest weight was placed on these data points. Lease 5 is considered similar to the subject; however, the data set (Leases 1, 2, 3, 4 and 6) indicate this data point is an outlier. Therefore, little or no weight was placed on this data point. Concluded market rent: $0.57/SF/Mo Gross or $6.84/SF/Yr Gross.

Large T-Hangar Market Rent

All the same methods were used to extract the adjustments.

Comp	Rent	Comparability	Adjustments
4	$0.63	Superior	This data point is superior with respect to size and age/condition.
1	$0.59	Superior	This data point is superior with respect to size and age/condition.
3	$0.57	Superior	This data point is superior with respect to size.
6	$0.50	Sl. Superior	This data point is slightly superior with respect to size.
7	$0.47	Similar	The inferior location is offset by the superior size and age/condition.
Subject	$0.47		
2	$0.46	Similar	Slightly superior size - overall similar to the subject.
9	$0.42	Inferior	Inferior location is partially offset by the superior size and age/condition.

Large T-hangar Market Rent Reconciliation

Ranges & Reconciled Rent - Large T-hangars				
Number of Comps:	**7**	**Unadjusted**	**Adjusted**	**% A**
	Low:	$0.42		
	High:	$0.63		
	Average:	$0.52		
	Median:	$0.57		
Reconciled Market Rent:		**$0.47**		
Zero Dollars and Forty Seven Cents				

All the leases are superior in size. Additionally, Leases 7 and 9 required location adjustments. Generally, the greater number of adjustments reduces the reliability of the data point. However, they provide adequate secondary support. Leases 2 and 6 have the most similar characteristics as compared to the subject. Lease 7 provides supplemental secondary weight for the final rate conclusion. Therefore, greatest weight is placed on these data points and I conclude a market lease rate for 'large' T-hangars of $0.47/SF/Mo Gross.

Box Hangar Market Rent

The same methods were used to extract adjustments as compared to the prior analyses.

Comp	Rent	Comparability	Adjustments
8	$1.50	Superior	Superior location and age/condition.
1	$1.10	Superior	Superior age/condition.
5	$1.00	Superior	Superior office finish.
3	$0.98	Superior	Superior office finish.
Subject	$0.85		
4	$0.60	Similar	Similar, however it sets the lower limit of the subject's obtainable rents since most of the lease data is around $1.00/SF/Mo and Lease 3 has the most similar age/condition - however, superior office buildout.
9	$0.39	Inferior	Inferior location is partially offset by superior age/condition.

Lease 3 has mezzanine office space that is not accounted in the lease rate / SF. This is due to the unknown amount of office space. Thus, I would expect the subject's market lease rate to be less than this data point. Lease 4 provides a reasonable data point for the subject's market lease rate; however, comparing with Leases 1, 3 and 5, it sets the lower limit of the range.

Based on the analysis, greatest weight is placed on Leases 3 and 4. I also consider most of the market participants responded that the box hangar rental rate was approximately $1.00/SF/Mo Gross. However, these data points are generally in superior conditions as compared to the subject.

Ranges & Reconciled Rent - Large T-hangars				
Number of Comps:	6	Unadjusted	Adjusted	% A
Low:		$0.39		
High:		$1.50		
Average:		$0.93		
Median:		$1.00		
Reconciled Market Rent:		$0.85		
Zero Dollars and Eighty Five Cents				

Final Reconciliation

The values indicated by my analysis are as follows: Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, my opinion of value is as follows:

Value Conclusion

Appraisal Premise	Hangar Type	Date of Value	Value Conclusion
Fair Market Rent	Small T-hangars (Bldgs A, B, C, D & E)	November 12, 2024	$0.57 /SF/Mo Gross
Fair Market Rent	Large T-hangars (Bldg F)	November 12, 2024	$0.47 /SF/Mo Gross
Fair Market Rent	Box Hangars (Bldg G)	November 12, 2024	$0.85 /SF/Mo Gross

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false, as of the effective date of the appraisal, I reserve the right to modify my value conclusions.

1. None.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from my estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, my opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although I am of the opinion that my findings are reasonable based on available evidence, I am not responsible for the effects of future occurrences that cannot be reasonably foreseen at this time.

Contract Rent versus Market Rent

Sky Harbor Hangars Contract Vs. Market Rent	Total RBA (SF)	Avg. Unit Size (SF)	Market Rent Per SF/Mo.	Total Montly Market Rent
Small T Hangar	114,557	1,032	$0.57	$65,297
Large T Hanger	19,400	1,940	$0.47	$9,118
Box Hangar	22,500	4,500	$0.85	$19,125
Total Rentable Area	156,457			
Annual Contract / Market Rent	$54,645			$93,540
Annual Rent Per Square Foot	$0.35			$0.60
% Change				71%

Based on the analysis contained in this report, the existing contract rents are considerably below market rent.

Exposure and Marketing Times

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Marketing time is an estimate of the amount of time it might take to sell a property at the estimated market value immediately following the effective date of value.

Based on my review of recent sales transactions for similar properties and my analysis of supply and demand in the local market, presented earlier in this report, it is my opinion that the probable exposure time for the property is 4 to 8 months.

I foresee no significant changes in market conditions in the near term; therefore, it is my opinion that a reasonable marketing period is likely to be the same as the exposure time. Accordingly, I estimate the subject's marketing period at 4 to 8 months.

Costar indicate a typical industrial on the market time of around 5 to 6 months. I assume a similar marketing and exposure time to lease the subject at a market rental rate.

Key Metrics

AVAILABILITY	PROPERTY	1-3 STAR MARKET	MARKET
Market Asking Rent/SF	$19.57	$22.21	$22.70
Vacancy Rate	0%	5.9%	7.6%
Vacant SF	0	10.3M	16.2M
Availability Rate	-	8.7%	11.1%
Available SF Direct	-	12M	19.6M
Available SF Sublet	-	3.6M	4.8M
Available SF Total	-	15.3M	24.1M
Months on Market	-	5.6	6.0

DEMAND	PROPERTY	1-3 STAR MARKET	MARKET
12 Mo Net Absorption SF	0	(2.8M)	(2.1M)
12 Mo Leased SF	0	7.9M	9.5M
6 Mo Leasing Probability	-	57.8%	57.4%

Certification Statement

The undersigned hereby certify:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

4. I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

6. The undersigned were hired as independent contractors directly by The County of San Diego, Departments of General Services Real Estate and Department of Public Works-Airports c/o Ms. Eva Stresemann.

7. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

8. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

9. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

10. David Burningham, MAI made a personal inspection of the property that is the subject of this report.

11. This appraisal report sets forth all the limiting conditions (imposed by the terms of this assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.

12. No one provided significant real property appraisal assistance to the person signing this certification.

13. I have the appropriate knowledge and experience in to complete this assignment competently in accordance with the competency provision as required by the Competency Rule of USPAP. Appraiser qualifications are located in the addenda of this report.

14. David Burningham has successfully met the requirements for the title "Certified General Appraiser" delegated by the Office of Real Estate Appraisers, valid until February 8, 2025, OREA identification number AG036349.

15. As of the date of this report, David Burningham, MAI has completed the requirements of the continuing education program of the Appraisal Institute for designated members.

_____

David Burningham, MAI
Certified General Real Estate Appraiser
CA Certificate #AG036349, Exp: 02/08/25
E-mail: d_burningham@yahoo.com
Phone: 858 373-8175

Limiting Conditions and Assumptions

This appraisal is based on the following assumptions, except as otherwise noted in the report.

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal is subject to the following limiting conditions, except as otherwise noted in the report.

1. An appraisal is inherently subjective and represents my opinion as to the value of the property appraised.
2. The conclusions stated in the appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and I reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, I am not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. I have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and I have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in the appraisal.
8. I accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; I have assumed that no extreme fluctuations in economic cycles will occur.
16. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by my analysis will vary from my estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. I claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without my written consent do so at their own risk.

20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and my valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

21. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. I am not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

22. I am not a building or environmental inspector. I do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.

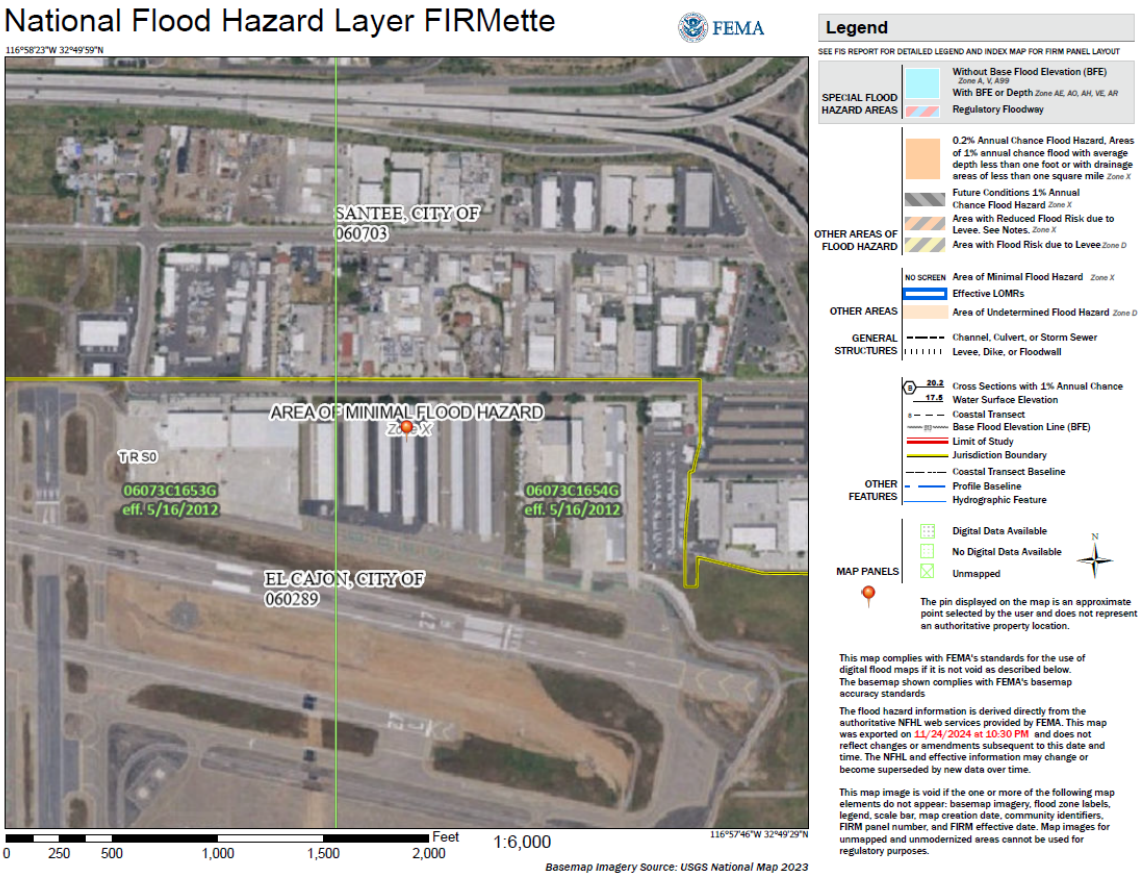
23. The appraisal report and value conclusion for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. It is expressly acknowledged that in any action which may be brought against the signer of this report, arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the signer shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence. It is further acknowledged that the collective liability of the signer of the report in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with gross negligence. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. The report has prepared the appraisal for the specific purpose stated elsewhere in the report. The intended use of the appraisal is stated in the General Information section of the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless provided prior written consent. I expressly reserve the unrestricted right to withhold my consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and my identity), to any third parties. Stated again for clarification, unless prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The signer(s) of this report are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While I am of the opinion that my findings are reasonable based on current market conditions, I do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, I assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value estimates presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of my estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

Addenda

Flood Map


National Flood Hazard Layer FIRMette
FEMA
116°58'23"W 32°49'59"N
SANTEE, CITY OF
060703
AREA OF MINIMAL FLOOD HAZARD
ZONE X
T R S0
06073C1653G
eff. 5/16/2012
06073C1654G
eff. 5/16/2012
EL CAJON, CITY OF
060289
0 250 500 1,000 1,500 2,000 Feet
1:6,000
116°57'46"W 32°49'29"N
Basemap Imagery Source: USGS National Map 2023
Legend
SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT
SPECIAL FLOOD HAZARD AREAS
Without Base Flood Elevation (BFE) Zone A, V, A99
With BFE or Depth Zone AE, AO, AH, VE, AR
Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD
0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
Future Conditions 1% Annual Chance Flood Hazard Zone X
Area with Reduced Flood Risk due to Levee. See Notes. Zone X
Area with Flood Risk due to Levee Zone D
OTHER AREAS
NO SCREEN Area of Minimal Flood Hazard Zone X
Effective LOMRs
Area of Undetermined Flood Hazard Zone D
GENERAL STRUCTURES
Channel, Culvert, or Storm Sewer
Levee, Dike, or Floodwall
OTHER FEATURES
20.2 Cross Sections with 1% Annual Chance
17.5 Water Surface Elevation
Coastal Transect
Base Flood Elevation Line (BFE)
Limit of Study
Jurisdiction Boundary
Coastal Transect Baseline
Profile Baseline
Hydrographic Feature
MAP PANELS
Digital Data Available
No Digital Data Available
Unmapped
N
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.
This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 11/24/2024 at 10:30 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.
This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

San Diego County's Planning Document Reference to the ALUCP

5250 TITLE AND PURPOSE.
The provisions of Section 5250 through Section 5270, inclusive, shall be known as the Airport Land Use Compatibility Plan Area Regulations. The purpose of these provisions is to regulate land uses within portions of the unincorporated territory of the County of San Diego located in Airport Influence Areas (AIAs) surrounding airports for which the San Diego County Regional Airport Authority (Authority) has adopted Airport Land Use Compatibility Plans (ALUCP or ALUCPs).

5252 APPLICATION OF AIRPORT LAND USE COMPATIBLITY PLAN DESIGNATOR.
The Airport Land Use Compatibility Plan Area Regulations shall be applied to properties located in unincorporated County territory with AIAs set forth in the ALUCPs adopted for the following airports: Agua Caliente Airport, Borrego Valley Airport, Brown Field, Fallbrook Community Airpark, Gillespie Field, Jacumba Airport, Montgomery Field, Oceanside Municipal Airport, Ocotillo Airport, McClellan-Palomar Airport, MCAS-Miramar, MCAS-Pendleton, Ramona Airport and San Diego International Airport.

(Added by Ord. No. 10162 (N.S.) adopted 8-3-11)

5254 USE OF AIRPORT LAND USE COMPATIBILITY PLANS
ALUCPs provide compatibility policies and criteria applicable to properties located within AIAs. New development, redevelopment, expansions, conversions and other uses of land located within the AIA of an adopted ALUCP for which County approval or permit are required shall be reviewed against the established criteria and policies of the ALUCP. Unless the property is already devoted to the proposed incompatible use or the ALUCP is overridden by the County in a manner which renders the use compatible with the ALUCP, the proposal, must comply with the established policies and criteria of the applicable ALUCP. ALUCPs are available at the Department of Planning and Development Services and from the Authority.

5260 DEVELOPMENT OF LAND DEVOTED TO INCOMPATIBLE USE
Land devoted to an incompatible use prior to approval of an ALUCP may be used in accordance with this pre-existing use even if inconsistent with the ALUCP. To ascertain whether or not an incompatible use was established prior to the adoption of an ALUCP requires a careful review of the status of development entitlements, the scope and nature of development or redevelopment, and Authority policies which may be applicable to infill, reconstruction and other activities that may be deemed an existing incompatible use. Incompatible use determinations are fact sensitive and will be made on a case by case basis by the Director, Department of Planning and Development Services, with input from the Authority when required.

Gillispie Field Safety Zone Metric/Allowable Uses

Table III-2

Safety Compatibility Criteria

Land Use Types / Typical Uses • Multiple land use categories and compatibility criteria may apply to a *project* • *See Policy 3-4.7* for limits on ancillary uses [1]	**CBC Group***	**Safety Zone** 1	2	3	4	5	6	**Criteria for Conditional (yellow) Uses** • Maximum Intensity and *Lot Coverage* limits apply to all Conditional uses [4] • Numbers below refer to zones in which condition specified is applicable • Numbers in yellow cells are *Floor Area Ratios* for indicated uses [4]
Maximum Intensity (People/Gross Acre – sitewide average) [2] Nonresidential development		0	70	130	130	200	No limit	
Intensity with Risk Reduction Policy Objectives (People/Gross Acre – sitewide average) Nonresidential development [3]		n/a	105	260	260	400	No limit	
Maximum *Lot Coverage* (Bldg footprint/site size) Applicable to all conditional development		0%	50%	60%	70%	70%	100%	
Residential Uses								
Residential, ≤0.2 d.u./acre (5+ acre lots)	R-3							2, 5: Portions of parcel including accessory buildings can be in Zone 2 or 5, but dwelling must be outside these zones *See Policy 3.4.4(b)(2)*
Residential, >0.2, ≤4.0 d.u./acre	R-3							2, 5: Portions of parcel including accessory buildings can be in Zone 2 or 5, but dwelling must be outside these zones *See Policy 3.4.4(b)(2)*
Residential, >4.0, ≤8.0 d.u./ acre	R-3							3, 4: 10% of site must meet "open land" criteria; maximum allowable density in any single acre limited to 20.0 d.u./ac. in Zone 3, 25.0 d.u./ac. in Zone 4 *See Policies 3.4.4 and 3.4.9*
Residential, >8.0, ≤13.0 d.u./acre	R-1							3, 4: 15% of site must meet "open land" criteria; maximum allowable density in any single acre limited to 20.0 d.u./ac. in Zone 3, 25.0 d.u./ac. in Zone 4 *See Policies 3.4.4 and 3.4.9*
Residential, >13.0, ≤16.0 d.u./acre	R-1							3, 4: 15% of site must meet "open land" criteria; this density permitted only on sites or parts of sites located within 0.25 mile of a 4-lane divided highway, golf course, or other public land qualifying as "open land;" utility lines on site and along perimeter must be underground or placed underground in conjunction with *project*; maximum allowable density in any single acre limited to 20.0 d.u./ac. in Zone 3, 25.0 d.u./ac. in Zone 4 *See Policies 3.4.4 and 3.4.9*
Residential, >16.0 d.u./acre, ≤20.0 d.u./acre	R-1							4: Same conditions as for >13.0, ≤16.0 d.u./acre *See Policies 3.4.4 and 3.4.9*
Residential, >20.0 d.u/acre	R-1							

Table III-2

Safety Compatibility Criteria

Land Use Types / Typical Uses • Multiple land use categories and compatibility criteria may apply to a *project* • *See Policy 3-4.7* for limits on ancillary uses [1]	**CBC Group***	**Safety Zone** 1	2	3	4	5	6	**Criteria for Conditional (yellow) Uses** • Maximum Intensity and *Lot Coverage* limits apply to all Conditional uses [4] • Numbers below refer to zones in which condition specified is applicable • Numbers in yellow cells are *Floor Area Ratios* for indicated uses [4]
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Intensity with Risk Reduction Policy Objectives (People/Gross Acre – sitewide average) Nonresidential development [3]		n/a	105	260	260	400	No limit	
Maximum *Lot Coverage* (Bldg footprint/site size) Applicable to all conditional development		0%	50%	60%	70%	70%	100%	
Assembly Facilities (≥50 people)								
Indoor Major Assembly Room (capacity ≥1,000 people): major sports arenas, concert halls	A-1							6: Enhanced exiting capabilities required *See Policy 3.4.5(d)(1)*
Outdoor Major Assembly Facility (capacity ≥1,000 people): amphitheaters, stadiums, race tracks, fairgrounds, zoos	A-4							6: No fixed seating with capacity ≥1,000 people; 1 additional exit/1,000 people in enclosed areas *See Policy 3.4.5(d)(2)*
Indoor Large Assembly Room (capacity 300 to 999 people): sports arenas, theaters, auditoriums, assembly halls [approx. 15 s.f./person]	A-2			0.04 0.09	0.04 0.09			3, 4: *FAR* limits as indicated *See Policy 3.4.5(d)(1)*
Outdoor Large Assembly Facility (capacity 300 to 999 people)	A-4							4: No fixed seating with capacity ≥300 people; 1 additional exit required in enclosed areas *See Policy 3.4.5(d)(2)*
Indoor Small Assembly Room (capacity 50 to 299 people): meeting rooms, dining halls, dance studios, places of worship [approx. 60 s.f./person]	A-3		A 0.10	0.18 0.36	0.18 0.36	0.28 0.55		2 - 5: *FAR* limits as indicated *See Policy 3.4.5(d)(1)*
Outdoor Small Assembly Facility (capacity 50 to 299 people): community swimming pools, group camps	A-4							3: No fixed seating with capacity ≥240 people 4: No conditions other than intensity limit as indicated at top of page *See Policy 3.4.5(d)(2)*

Table III-2

Safety Compatibility Criteria

Land Use Types / Typical Uses • Multiple land use categories and compatibility criteria may apply to a *project* • *See Policy 3-4.7* for limits on ancillary uses [1]	CBC Group*	Safety Zone 1	2	3	4	5	6	Criteria for Conditional (yellow) Uses • Maximum Intensity and *Lot Coverage* limits apply to all Conditional uses [4] • Numbers below refer to zones in which condition specified is applicable • Numbers in yellow cells are *Floor Area Ratios* for indicated uses [4]
Maximum Intensity (People/Gross Acre – sitewide average) [2] Nonresidential development		0	70	130	130	200	No limit	
Intensity with Risk Reduction Policy Objectives (People/Gross Acre – sitewide average) Nonresidential development [3]		n/a	105	260	260	400	No limit	
Maximum *Lot Coverage* (Bldg footprint/site size) Applicable to all conditional development		0%	50%	60%	70%	70%	100%	
Office, Commercial, Service, and Lodging Uses								
Large Eating/Drinking Establishments in free-standing building (capacity ≥300 people) [approx. 60 s.f./person]	A2, A-2.1			0.18 0.36	0.18 0.36			3 - 4: *FAR* limits as indicated *See Policy 3.4.5(e)(1)*
Mid-Size Eating/Drinking Establishments in free-standing bldg (capacity 50 to 299 people) [approx. 60 s.f./person]	A-3		A 0.10	0.18 0.36	0.18 0.36	0.28 0.55		2 - 5: *FAR* limits as indicated *See Policy 3.4.5(e)(2)*
Small Eating/Drinking Establishments in free-standing building (capacity <50 people)	B							2: Building size limited to 3,000 s.f. *See Policy 3.4.5(e)(3)*
Regional Shopping Centers ≥300,000 s.f. with mixture of uses that could include eating/drinking establishments [approx. 110 s.f./person]	M		A 0.18	0.33 0.66	0.33 0.66	0.51 1.01		2 - 5: *FAR* limits as indicated 2, 5: No room with capacity ≥300 people allowed; auto parking preferred *See Policy 3.4.5(f)(1)*
Community/Neighborhood Shopping Centers <300,000 s.f. with mixture of uses that could include eating/drinking establishments [approx. 120 s.f./person]	M		A 0.19	0.36 0.72	0.36 0.72	0.55 1.10		2 - 5: *FAR* limits as indicated 2: Max. 10% of floor area or 3,000 s.f., whichever is less, devoted to eating/ drinking uses 2, 5: No room with capacity ≥300 people allowed; auto parking preferred *See Policy 3.4.5(f)(2)*
Retail Stores (stand-alone buildings <25,000 s.f.) no eating/drinking establishments [approx. 170 s.f./person]	M		A 0.27	0.51 1.01	0.51 1.01	0.78 1.56		2 - 5: *FAR* limits as indicated
Low-Intensity or Outdoor-Oriented Retail or Wholesale Trade: furniture, automobiles, heavy equipment, nurseries, lumber yards, boat yards [approx. 250 s.f./person]	B, M		0.40 0.60	0.75 1.49	0.75 1.49	1.15 2.30		2 - 5: *FAR* limits as indicated
Low-Hazard Storage: mini-storage, greenhouses	S-2							
Office Buildings: professional services, doctors, financial, civic [approx. 215 s.f./ person]	B		0.35 0.52	0.64 1.28	0.64 1.28	0.99 1.97		2 - 5: *FAR* limits as indicated

Table III-2

Safety Compatibility Criteria

Land Use Types / Typical Uses • Multiple land use categories and compatibility criteria may apply to a *project* • *See Policy 3-4.7* for limits on ancillary uses [1]	**CBC Group** *	**Safety Zone** 1	2	3	4	5	6	**Criteria for Conditional (yellow) Uses**
Maximum Intensity (People/Gross Acre – sitewide average) [2] Nonresidential development		0	70	130	130	200	No limit	• Maximum Intensity and *Lot Coverage* limits apply to all Conditional uses [4] • Numbers below refer to zones in which condition specified is applicable • Numbers in yellow cells are *Floor Area Ratios* for indicated uses [4]
Intensity with Risk Reduction Policy Objectives (People/Gross Acre – sitewide average) Nonresidential development [3]		n/a	105	260	260	400	No limit	
Maximum *Lot Coverage* (Bldg footprint/site size) Applicable to all conditional development		0%	50%	60%	70%	70%	100%	
Misc. Service Uses: car washes, barbers, animal kennels, print shops [approx. 200 s.f./person]	B		0.32 0.48					2: *FAR* limits as indicated
Hotels, Motels (except conference/ assembly facilities) [approx. 200 s.f./person]	R-1		0.32 0.48	0.60 1.19	0.60 1.19	0.92 1.84		2 - 5: *FAR* limits as indicated
Bed & Breakfast Establishments	R-3							2: Maximum 5 rooms
Industrial, Manufacturing, and Warehouse Uses								
Processing and Storage of Bulk Quantities of Highly Hazardous Materials (tank capacity >10,000 gallons): oil refineries, chemical plants	—							6: Must comply with all federal, state, and local standards; permitting agencies shall evaluate need for special measures to minimize hazards if facility struck by aircraft *See Policy 3.4.6(b)*
Storage or Use of Hazardous (flammable, explosive, corrosive, or toxic) Materials	—							2 - 5: Must comply with all federal, state, and local standards; permitting agencies shall evaluate need for special measures to minimize hazards if facility struck by aircraft *See Policy 3.4.6(b)*
Auto, Aircraft, Marine Repair Services	H-4							
Manufacturing [300 s.f./person]	F-1, 2, H-1, 2, 3, 7		0.48 0.72	0.90 1.79	0.90 1.79	1.38 2.75		2 - 5: *FAR* limits as indicated
Research & Development [300 s.f./person]	H-6		0.48 0.72	0.90 1.79	0.90 1.79	1.38 2.75		2 - 5: *FAR* limits as indicated
Industrial Outdoor Storage, except hazardous uses: public works yards, auto wrecking yards	—							1: No habitable structures (e.g., offices); no development in *Object Free Area* **
Warehouses, Distribution Facilities	S-1, 2							
Gas Stations, Repair Garages	S-3							

Table III-2

Safety Compatibility Criteria

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Maximum *Lot Coverage* (Bldg footprint/site size) Applicable to all conditional development		0%	50%	60%	70%	70%	100%	
Educational and Institutional Uses								
Colleges and Universities	B							3, 4: Evaluate individual component uses *See Policy 3.4.7(a) and (b)*
Children Schools, K – 12	E-1, E-2							3, 4: No new school sites or land acquisition; bldg replacement/expansion allowed for existing schools if required by state law; expansion limited to ≤50 students *See Policy 3.4.6(a)(1)*
Day Care Centers (>14 children)	I-1.1, E-3							3, 4: No new sites or land acquisition; building replacement/expansion allowed for existing centers if required by state law; expansion limited to ≤50 students *See Policy 3.4.6(a)(2)*
Family Day Care Homes (≤14 children)	I-1.1, E-3							3, 4: Allowed only in existing residential areas *See Policy 3.4.6(a)(3)*
Hospitals, Health Care Centers, Mental Hospitals, Other Medical Facilities (except doctors offices) [approx. 240 s.f./ person]	I-1.1, I-1.2			0.72 1.43	0.72 1.43			3, 4: No new sites or land acquisition; *FAR* limits as indicated for expansion of existing facilities *See Policy 3.4.6(a)(4)*
Congregate Care Facilities (>5 clients): nursing homes, assisted living facilities [approx. 100 s.f./ person]	I-1.1, I-2			0.30 0.60	0.30 0.60			3 ,4: *FAR* limits as indicated
Public Emergency Services Facilities: police stations (except jails), fire stations	B							3, 4: Allowed only if site outside zone would not serve intended public function consistent with statutory requirements *See Policy 3.4.6(c)(1) and (2)*
Public Inmate Facilities: prisons, reformatories	I-3							3, 4: No new sites or land acquisition; building replacement/expansion allowed for existing facilities if required by state law *See Policy 3.4.6(a)(6)*

Table III-2

Safety Compatibility Criteria

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Maximum *Lot Coverage* (Bldg footprint/site size) Applicable to all conditional development		0%	50%	60%	70%	70%	100%	
Transportation, Communication, and Utilities								
Airport Terminals	A-2.1							
Transportation Terminals: rail, bus, marine	A-2.1							5: Allowed only if associated with airport access *See Policy 3.4.5(v)*
Truck Terminals; Truck Storage	A-3							
Small Transportation Hubs: bus stops	—							
Aircraft Storage	S-5							1: Not allowed in *Object Free Area* **
Automobile Parking Structures	U-1							
Automobile Parking Surface Lots	—							1: Not allowed in *Object Free Area* **
Street, Highway Rights-of-Way	—							1: Not allowed in *Object Free Area* **
Railroads, Public Transit Lines	—							1: Not allowed in *Object Free Area* **
Power Plants	—							3, 4, 6: No new sites or land acquisition; modification, replacement, expansion of facilities on existing sites allowed 6: Peaker plants allowed *See Policy 3.4.6(c)(3)*
Electrical Substations								
Emergency Communications Facilities	—							2 - 6: No new sites or land acquisition; modification, replacement, expansion of facilities on existing sites allowed *See Policy 3.4.6(c)(2)*
Cell Phone Towers, Wind Turbines	U-2							

Table III-2

Safety Compatibility Criteria

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Maximum *Lot Coverage* (Bldg footprint/site size) Applicable to all conditional development		0%	50%	60%	70%	70%	100%	
Agricultural and Other Uses								
Agricultural Lands: pasture, rangelands, field crops, grain crops, dry farming, vineyards	—							1: Not allowed in *Object Free Area* **
Agricultural Buildings: barns, feed lots, stockyards, riding stables	U-1							
Wooded Areas: forests, tree farms, orchards	—							
Lands with Low or No Vegetation: brush lands, deserts, beaches, flood hazard areas	—							1: Subject to *FAA* standards (in accordance with *FAA* AC 150/5300-13)
Water: rivers, creeks, canals, wetlands, bays, lakes, reservoirs	—							1: Not allowed in Runway Safety Area **
Marinas	—							2, 3: No group activities exceeding usage intensity limits
Large Group Recreation: team athletic fields, picnic areas	—							3: Allowed only in existing residential areas
Non-Group Recreation: golf courses, tennis courts, parks, camp grounds	—							1: Not allowed in *Object Free Area* **
Shooting Ranges	—							
Memorial Parks, Cemeteries	—							2, 3: No group activities exceeding usage intensity limits
Wastewater Treatment and Disposal Facilities	—							
Sanitary Landfills	—							

Table III-2

Safety Compatibility Criteria

Land Use Acceptability		Interpretation/Comments
	Compatible	Use is compatible (noise, airspace protection, and/or overflight limitations may apply).
	Conditional	Use is compatible if all listed conditions are met; additionally, the following condition applies to the indicated land uses and safety zones: A This land use is conditionally compatible in Safety Zone 2. The maximum intensity is limited to 70 people per acre, whether or not risk reduction policy objectives are incorporated into buildings. To the maximum extent that the site permits, buildings associated with this use should be situated outside of Safety Zone 2 and the Safety Zone 2 portion should be devoted primarily to automobile parking, circulation, landscaping, or other low-intensity functions.
	Incompatible	Use is not compatible under any circumstances.

Notes: d.u. = dwelling units; s.f.= square feet.

* ***CBC* Group**: Refers to building occupancy types established by *California Building Code* (see Appendix D of this document for listing).

** **Runway Safety Area** (RSA), **Object Free Area** (*OFA*): Dimensions are as established by *FAA* airport design standards for the runway.

1 **Ancillary Uses**: Land use types for which a *FAR* limit is listed in this table as a condition for acceptability in a particular safety zone may have up to 10% of the floor space devoted to an ancillary use of another type, even a use with a higher occupancy load factor, provided that the ancillary use is neither:

(a) An assembly room having more than 650 occupants; nor

(b) A school, day care center, or other risk-sensitive use that is "incompatible" within the safety zone where the primary use is to be located.

2 **Gross Acreage and Net Acreage**: If an applicant chooses to calculate nonresidential intensity as people per net acre rather than gross acre, a 20% increase in the maximum intensity levels presented in this table is permitted.

3 **Risk Reduction Policy Objectives**: The goal of risk reduction design features is to ensure safety for building occupants. Buildings that incorporate the special risk reduction policy objectives listed below are allowed maximum usage intensities as shown along the top of this table. A corresponding increase in *FAR* is also allowed.

(a) To qualify for the maximum usage intensities described above, an applicant shall demonstrate to the satisfaction of the responsible *local agency* that the building has been designed to minimize risk and increase the safety of building occupants beyond the minimum requirements of the California Building Code. Applicants requesting increased intensity in exchange for risk reduction are to be evaluated against the policy objectives listed below:

(1) Provides increased fire resistance rated construction to prevent or delay fire-induced structural damage;

(2) Provides increased fire protection systems to allow occupants more time to exit the building and to delay the spread of fire to adjacent buildings;

(3) Provides enhanced means for building egress;

(4) Addresses aircraft impact loads in the design of the building's structural systems in order to reduce the potential for structural damage.

(b) The *local agency* may substitute comparable risk reduction policy objectives to those specified above, provided that:

(1) the objective(s) meet safe-building objectives defined in *Compatibility Plan* policies; and

(2) the *local agency* and/or a design architect/structural engineer certify that the objective(s) meet *Compatibility Plan* policy objectives.

4 **Relationship of *FAR* to Maximum Intensity and Lot Coverage Limits**: Maximum allowable *FAR* is indicated for some conditional uses. In those cases, either (1) the maximum *FAR* or (2) the maximum intensity and lot coverage limits apply.

Sources: San Diego County Regional Airport Authority, December 2009.

Prepared by: Ricondo & Associates, Inc., January 2010.

Gillispie Field Noise Metric / Allowable Uses

Table III-1

Noise Compatibility Criteria

Land Use Category [1]	Exterior Noise Exposure (dB *CNEL*)			
Note: Multiple categories may apply to a project	60–65	65–70	70–75	75-80
Agricultural and Animal-Related				
horse stables; livestock breeding or farming	A	A	A	
nature preserves; wildlife preserves				
interactive nature exhibits	A			
zoos	A	A		
agriculture (except residences and livestock); greenhouses; fishing				A
Recreational				
children-oriented neighborhood parks; playgrounds	A			
campgrounds; recreational vehicle/motor home parks				
community parks; regional parks; golf courses; tennis courts; athletic fields; outdoor spectator sports; fairgrounds; water recreation facilities		A		
recreation buildings; gymnasiums; club houses; athletic clubs; dance studios		50	50	
Public				
outdoor amphitheaters	A			
children's schools (K-12); day care centers (>14 children)	45			
libraries	45			
auditoriums; concert halls; indoor arenas; places of worship	45	45		
adult schools; colleges; universities [2]	45	45		
prisons; reformatories		50		
public safety facilities (e.g., police, fire stations)		50	50	
cemeteries; cemetery chapels; mortuaries		45 A	45 A	
Residential, Lodging, and Care				
residential (including single-family, multi-family, and mobile homes); family day care homes (≤14 children)	45			
extended-stay hotels; retirement homes; assisted living; hospitals; nursing homes; intermediate care facilities	45			
hotels; motels; other transient lodging [3]	45	45	45	
Commercial and Industrial				
office buildings; office areas of industrial facilities; medical clinics; clinical laboratories; radio, television, recording studios		50	50	
retail sales; eating/drinking establishments; movie theaters; personal services		50	50 B	
wholesale sales; warehouses; mini/other indoor storage			50 C	

Table III-1 Continued

Noise Compatibility Criteria

Land Use Category [1] *Note: Multiple categories may apply to a project*	Exterior Noise Exposure (dB *CNEL*) 60–65	65–70	70–75	75-80
industrial; manufacturing; research & development; auto, marine, other sales & repair services; car washes; gas stations; trucking, transportation terminals			50 C	
extractive industry; utilities; road, rail rights-of-way; outdoor storage; public works yards;automobile parking; automobile dismantling; solid waste facilities				50 C
animal shelters/kennels	50	50	50	

Land Use	Acceptability	Interpretation/Comments
	Compatible	*Indoor Uses:* Standard construction methods will sufficiently attenuate exterior noise to an acceptable indoor community noise equivalent level (*CNEL*) *Outdoor Uses:* Activities associated with the land use may be carried out with essentially no interference from aircraft noise
45 50	*Conditional* [4]	*Indoor Uses:* Building structure must be capable of attenuating exterior noise to the indoor *CNEL* indicated by the number; standard construction methods will normally suffice *Outdoor Uses:* *CNEL* is acceptable for outdoor activities, although some noise interference may occur.
A B C	*Conditional* [4]	*Indoor or Outdoor Uses:* A Caution should be exercised with regard to noise-sensitive outdoor uses; these uses are likely to be disrupted by aircraft noise events; acceptability is dependent upon characteristics of the specific use [5] B Outdoor dining or gathering places incompatible above 70 dB *CNEL* C Sound attenuation must be provided for associated office, retail, and other noise-sensitive indoor spaces sufficient to reduce exterior noise to an interior maximum of 50 dB *CNEL*
	Incompatible	Use is not compatible under any circumstances.

Notes:

1 Land uses not specifically listed shall be evaluated, as determined by the *ALUC*, using the criteria for similar uses.

2 Applies only to classrooms, offices, and related indoor uses. Laboratory facilities, gymnasiums, outdoor athletic facilities, and other uses to be evaluated as indicated for those land use categories.

3 Lodging intended for stays by an individual person of no more than 25 days consecutively and no more than 90 days total per year; facilities for longer stays are in the extended- stay hotel category.

4 An *avigation easement* is required for any project situated on a property lying within the projected 65 dB *CNEL* noise contour. See Policy 2.11.5 and Policy 3.3.3(d).

5 Noise-sensitive land uses are ones for which the associated primary activities, whether indoor or outdoor, are susceptible to disruption by loud noise events. The most common types of noise-sensitive land uses include, but are not limited to, the following: residential, hospitals, nursing facilities, intermediate care facilities, educational facilities, libraries, museums, places of worship, child-care facilities, and certain types of passive recreational parks and open space.

Source: San Diego County Regional Airport Authority, October 2009.

Prepared by: Ricondo & Associates, Inc., January 2010.

risks. The risk information utilized is the general aviation accident data and analyses contained in the *Handbook*.

(b) The volume and type of aircraft operations, runway length, and runway instrumentation are the primary factors used in adjusting the sizes of the safety zones.

(c) The existing land use characteristics of the *Airport* environs were also used to determine the appropriate safety compatibility criteria for new residential and non-residential development. Generally, more intense/dense development is considered acceptable within the areas surrounding the *Airport* than in the areas surrounding the rural airports in San Diego County because the costs of avoiding future development are greater than in rural areas. Table 9C of the *Handbook* provides a range of intensity and density levels by safety zone that make a distinction between settings which are heavily urbanized versus ones in suburban or rural areas where much of the land remains undeveloped. Due to the heavily urbanized nature of the *Airport* environs, it is appropriate to set the base-level density at a higher range than indicated in Table 9C for all safety zones and to set the base-level intensity for non-residential development at the highest end of the range indicated in Table 9C for all safety zones (e.g., the base level intensity for Safety Zone 2 is 60 people per acre rather than 40).

3.4.4 Residential Development Criteria: Criteria applicable to proposed residential development in the vicinity of the *Airport* are as follows:

(a) In Safety Zone 1, no new residential development shall be constructed under any circumstances.

(b) In Safety Zones 2 and 5:

(1) New residential development at a density greater than 4 dwelling units per gross acre is "incompatible."

(2) New residential development at a density less than or equal to 4 dwelling units per gross acre on parcels where only a portion of the parcel is located in Zone 2 or 5 is "conditionally compatible" if the residential dwelling is built on the portion of the parcel located outside of Zone 2 and 5. Accessory buildings, however, may be located in Safety Zones 2 or 5.

(c) In Safety Zones 3:

(1) New residential development at a density greater than 16 dwelling units per gross acre is "incompatible."

(2) New residential development at a density of 4 dwelling units per gross acre or less is "compatible."

(3) New residential development at a density of more than 4 dwelling units per gross acre but not more than 13 dwelling units per gross acre is "conditionally compatible" provided that the development complies with the clustering requirements indicated in Paragraph (f) below. The clustering of residential development must not result in the density within any single 1-acre area exceeding 20 dwelling units per net acre.

(4) New residential development at a density of more than 13 dwelling units per gross acre but not more than 16 dwelling units per gross acre is "conditionally compatible" provided that the development meets the following conditions:

- Fifteen percent of the site meets the "open land" criteria (see Policy 3.4.9).
- One of the following exists within 1,650 feet of the geographic center of the site: a four-lane divided highway; a golf course; or other public land qualifying as "open land" in accordance with Policy 3.4.9.
- Utility lines on and along the perimeter of the site are underground or will be placed underground in conjunction with the proposed *project*.
- Development is clustered if required in accordance with Paragraph (f) below. The clustering of residential development must not result in the density within any single 1-acre area exceeding 20 dwelling units per net acre.

(d) In Safety Zone 4:

(1) New residential development at a density greater than 20 dwelling units per gross acre is "incompatible."

(2) New residential development at a density of 4 dwelling units per gross acre or less is "compatible."

(3) New residential development at a density of more than 4 dwelling units per gross acre but not more than 13 dwelling units per gross acre is "conditionally compatible" based upon compliance with the clustering requirements indicated in Paragraph (f) below. The clustering of residential development must not result in the density within any single 1-acre area exceeding 25 dwelling units per net acre.

(4) New residential development at a density of more than 13 dwelling units per acre but not more than 16 dwelling units per gross acre is "conditionally compatible" only if:

- Fifteen percent of the site meets the "open land" criteria (see Policy 3.4.9).
- One of the following exists within 1,650 feet of the geographic center of the site: a four-lane divided highway; a golf course; or other public land qualifying as "open land" in accordance with Policy 3.4.9.

- Utility lines on and along the perimeter of the site are underground or will be placed underground in conjunction with the proposed *project*.
- Development is clustered, if required in accordance with Paragraph (f) below. The clustering of residential development must not result in the density within any single 1-acre area exceeding 25 dwelling units per net acre.

(e) In Safety Zone 6, new residential development is "compatible."

(f) Where indicated in Paragraphs (c) and (d) above, residential building sites are to be clustered in a manner that maximizes the "open land" on which an aircraft could execute an emergency landing. The criteria for minimum contiguous "open land" area are listed in Policy 3.4.9.

(1) Clustering is mandatory for *projects* of 10 or more acres with one "open land" area to be dedicated per each 10 acres of the site.

(2) For projects of less than 10 acres, compliance with the clustering conditions is desirable, but not required as a condition for *project* approval.

(g) The following factors shall be taken into account in measuring densities indicated in the above paragraphs:

(1) The acreage evaluated equals the project site size, which may include multiple parcels.

(2) The maximum allowable residential densities indicated in **Table III-2** and Paragraphs (a) through (e) above are intended to include any density bonuses that *local agencies* may provide for affordable housing developed in accordance with the provisions of state and/or local law. Residential densities above those indicated are not allowed irrespective of whether the increase in density is provided for affordable housing in connection with the density bonus or other allowance provisions. Therefore, *local agencies* must include any density bonus allowances for a *project* when determining whether a *project* meets the allowable densities indicated in **Table III-2** and Paragraphs (a) through (e) above.

(h) Second dwelling units, as defined by state law (Gov't. Code, §§65852.150, 65852) or local law, shall be included in density calculations.

(i) As indicated in Policy 2.11.4(b)(1) of Chapter 2, construction of a single-family home, including a second dwelling unit as defined by state or local law, on a legal lot of record, is allowed in all safety zones except Safety Zone 1 if such use is permitted by local land use regulations.

3.4.5 Nonresidential Development Criteria: The criteria in Paragraphs (a) and (b) below apply to most proposed nonresidential development. Additional or different criteria apply to the nonresidential uses described in Paragraphs (d), (e), (f), and (g) and to uses of special concern that are described

in Policy 3.4.6. (Concepts associated with these criteria are discussed in Appendix C.) See Policy 3.4.13 for information regarding nonresidential development that incorporates risk reduction policy objectives.

(a) For the purposes of this *Compatibility Plan*, the fundamental measure of risk exposure for people on the ground in the event of an aircraft accident is the number of people per acre concentrated in areas most susceptible to aircraft accidents. This measure is the chief determinant of whether particular types of nonresidential development are designated as "incompatible," "conditionally compatible," or "compatible" in **Table III-2**.

(1) The maximum acceptable intensity (calculated as people per gross acre on a sitewide average) of proposed development (without risk reduction policy objectives) within the environs of the *Airport* is:

- Within Safety Zone 1: 0 people per acre
- Within Safety Zone 2: 70 people per acre
- Within Safety Zone 3: 130 people per acre
- Within Safety Zone 4: 130 people per acre
- Within Safety Zone 5: 200 people per acre
- Within Safety Zone 6: no limit

(2) If an applicant chooses to calculate nonresidential intensity as people per net acre rather than gross acre, a 20% increase in the maximum intensity levels shown above and in **Table III-2** is permitted.

(3) Land use types listed in **Table III-2** as "compatible" are presumed to meet the above usage intensity criteria without constraints on the development.

(4) Maximum intensity calculations shall include all people (e.g., employees, customers, visitors) who may be on the property at any single point in time, whether indoors or outdoors.

(5) FAR limitations may be exceeded, provided that the project meets the applicable maximum intensity limits (people/acre) and that, as a condition of project approval:

(i) The project provides a deed restriction regarding the maximum intensity limits for the project; and

(ii) The project meets the applicable local agency parking requirements consistent with the maximum intensity limits for the project.

(6) *Local agencies* may make exceptions for special events for which either an on-airport or off-airport facility is not designed and normally not used and for which extra safety precautions will be taken as appropriate.

(b) Evaluation of the compatibility of a proposed nonresidential *land use action* shall be made using the land use types listed in **Table III-2.**

(1) The nonresidential uses are categorized primarily with respect to the typical occupancy load factor of the use measured in terms of square footage per occupant. Occupancy load factors take into account all occupants of the facility including employees, customers, and others. Also indicated in the table is the *CBC* classification under which each facility is presumed to be constructed. The *CBC* classification is presented as an aid in the categorization of a proposed land use.

(2) Proposed development for which no land use type is listed in **Table III-2** shall be evaluated by *ALUC staff* using a comparable land use identified in the table. The occupancy load factor of the unlisted use and that of the similar listed use shall be the primary basis for comparison except where the unlisted use is most similar to a land use of special concern (see Policy 3.4.6). Unlisted uses also may be compared to listed uses having the same construction type as noted in the *CBC* column in the table. The appropriate evaluation criteria for any proposed land use shall be determined by *ALUC staff*.

(c) For land use types that are "conditionally compatible" in a particular zone, the condition to be met in many instances is a limitation on the *FAR* of the proposed development. Some *local agencies* in San Diego County have not adopted *FAR* standards. These agencies are advised to review the maximum intensity and maximum lot coverage requirements presented at the top of **Table III-2** and as defined in Policy 3.4.5 (a)(1), Policy 3.4.8, and 3.4.13.

(1) The *FAR* criteria differ among different land because the usage intensities vary substantially from one land use type to another—a low-intensity warehouse versus a high-intensity restaurant, for example. (Appendix D describes the relationship between usage intensity and *FAR*.)

(2) For purposes of compliance with this *Compatibility Plan*, *FAR* calculations shall be based upon the gross floor area of the buildings (excluding parking garages) proposed for the project site.

(d) Assembly Facilities: Assembly facilities are uses in which 50 or more people are concentrated in a confined space. These uses are restricted as follows:

(1) Indoor: Structural elements surrounding indoor assembly rooms may at least partially protect occupants from a small aircraft accident. The ability of large numbers of occupants to exit the space is a concern. Therefore:

- Indoor major assembly rooms (capacity of 1,000 or more people) are "incompatible" in all safety zones except Safety Zone 6. In Safety Zone 6, this use is conditionally compatible. One additional exit is required for every 1,000 people in Safety Zone 6.
- Indoor large assembly rooms (capacity 300 to 999 people) are "incompatible" in Safety Zones 1, 2, and 5. In Safety Zones 3 and 4, this size assembly room is "conditionally compatible," and allowed only if the conditions specified in **Table III-2** are met. This type of use is "compatible" in Zone 6.
- Indoor small assembly rooms (capacity 50 to 299 people) are "incompatible" in Safety Zone 1. In Safety Zones 2, 3, 4, and 5, this size assembly room is "conditionally compatible" and allowed only if the conditions specified in **Table III-2** are met. This type of use is "compatible" in Zone 6.

(2) Outdoor: Outdoor assembly uses pose particular risks because no roof protects the occupants from accidents involving small aircraft.

- Outdoor major assembly facilities (capacity 1,000 or more people) are "incompatible" in all safety zones except Safety Zone 6. In Safety Zone 6, the use is "conditionally compatible" and allowed only if the fixed seating portion of the facility does not have a capacity of more than 1,000 people; additional people may occupy areas without fixed seating but one additional exit is required for every 1,000 people in enclosed areas.
- Outdoor large assembly facilities (capacity 300 to 999 people) are "incompatible" in Safety Zones 1, 2, 3, and 5. In Safety Zone 4, the facility is "conditionally compatible" and allowed only if the use complies with the usage intensity criterion for the zone. Moreover, in Safety Zone 4, the fixed seating portion of the facility cannot have a capacity of more than 300 people. Additional people may occupy areas without fixed seating but one additional exit is required in enclosed areas. This type of use is "compatible" in Safety Zone 6.
- Outdoor small assembly facilities (capacity 50 to 299 people) are "incompatible" in Safety Zones 1, 2, and 5. In Safety Zones 3 and 4, the facility is "conditionally compatible" and allowed only if the use complies with the usage intensity criterion for the zone. Additionally, in Safety Zone 3, the fixed seating portion of the facility cannot have a capacity of more than 240 people. This type of use is "compatible" in Safety Zone 6.

(e) Eating and Drinking Establishments in Free-Standing Buildings: These uses are restricted as listed below.

(1) Large eating and drinking establishments in free-standing buildings (capacity 300 people or more) are "incompatible" in Safety Zones 1, 2, and 5. In Safety Zones 3 and 4, these uses are "conditionally compatible" and allowed if the conditions specified in **Table III-2** are met. This use is "compatible" in Safety Zone 6.

(2) Mid-sized eating and drinking establishments in free-standing buildings (capacity 50 to 299 people) are "incompatible" in Safety Zone 1 and "compatible" in Safety Zone 6. This use is "conditionally compatible" in Safety Zones 2, 3, 4, and 5 and allowed if the conditions specified in **Table III-2** are met. Additionally, in Safety Zone 2, risk reduction features must be incorporated into the design of the structure (see Policy 3.4.13).

(3) Small eating and drinking establishments in free-standing buildings (capacity less than 50 people) are "conditionally compatible" in Safety Zones 2, 3, 4, and 5 and allowed if the conditions specified in **Table III-2** are met. Additionally, in Safety Zone 2, the building size shall not exceed 3,000 gross square feet.

(f) Regional and Community/Neighborhood Shopping Centers: The compatibility of shopping centers containing a mixture of uses, including eating/drinking establishments, depends upon the size of the center.

(1) Regional shopping centers, for the purposes of this *Compatibility Plan*, are defined as shopping centers having a total floor area of 300,000 square feet or more. These uses are restricted as follows:

- This use is "incompatible" in Safety Zone 1 and "compatible" in Safety Zone 6.
- In Safety Zones 2, 3, 4, and 5, the use is "conditionally compatible" and allowed if the conditions specified in **Table III-2** are met.
- Furthermore, for any regional shopping center that lies fully or partially within Safety Zone 2 or 5, no room with a capacity of 300 people or more (i.e., a large assembly room) shall be allowed within the Safety Zone 2 or Safety Zone 5 portion.

(2) Community/neighborhood shopping centers are, for the purposes of this *Compatibility Plan*, defined as shopping centers having a total floor area of less than 300,000 square feet. These uses are restricted as follows:

- This use is "incompatible" in Safety Zone 1 and "compatible" in Safety Zone 6.
- In Safety Zones 2, 3, 4, and 5 the use is "conditionally compatible" and allowed if the development complies with the conditions specified in **Table**

III-2 are met.. In addition, in Safety Zones 2 and 5, the *FAR* shall not exceed the limits indicated in **Table III-2**.

- For any community/neighborhood shopping center that lies fully or partially within Safety Zone 2 or 5, no room with a capacity of 300 people or more (i.e., a large assembly room) shall be allowed within the Safety Zone 2 or Safety Zone 5 portion. Eating/drinking uses within the Safety Zone 2 portion of a retail shopping center shall be limited to a maximum of 10% of the total floor area within that zone or 3,000 square feet, whichever is less.

(3) To the extent that shopping center sites encompass more than one safety zone:

- The portion of the building or buildings within each safety zone must not exceed either the maximum intensity and lot coverage limits or the maximum *FAR* indicated in **Table III-2** for that zone. That is, the intensity and lot coverage (or the *FAR)* for the portion of the development within each zone is to be calculated with respect to the building floor area and portion of the site within the zone.
- However, the development allowed within the more restricted portion of a site can (and is encouraged to) be reallocated to the less restricted portion even if the allowable intensity and lot coverage (or the *FAR)* in the less restricted portion would then be exceeded. No development, however, shall be clustered in a manner that would then place it in an assembly facility category listed as "incompatible" in **Table III-2** (see Policy 3.4.10(b)).
- Automobile parking is the preferred use for any portion of a shopping center site in Safety Zones 2 and 5.
- The objective of these conditions is to place the most intensive uses in the least risk-exposed locations.

(g) Retail Stores (stand-alone building less than 25,000 square feet): These uses which exclude eating and drinking establishments are "incompatible" in Safety Zone 1 and "compatible" in Safety Zone 6. In Safety Zones 2, 3, 4, and 5, retail stores are "conditionally compatible" and allowed only if the development complies with the conditions specified in **Table III-2.**

(h) Low-Intensity or Outdoor-Oriented Retail or Wholesale Trade: These uses are "incompatible" in Safety Zone 1 and "compatible" in Safety Zone 6. In Safety Zones 2, 3, 4, and 5 these uses are "conditionally compatible" and allowed only if the development complies with the conditions specified in **Table III-2.**

(i) Low-Hazard Storage: These uses which include mini-storage facilities and greenhouses are "incompatible" in Safety Zone 1 and "compatible" in Safety Zones 2, 3, 4, 5, and 6.

(j) Office Buildings: For purposes of this *Compatibility Plan*, office buildings include single story and multi-story buildings occupied by a wide-range of professional and financial services companies, doctors, and/or civic tenants. These uses are "incompatible" in Safety Zone 1 and "compatible" in Safety Zone 6. In Safety Zones 2, 3, 4, and 5, these uses are "conditionally compatible" and allowed only if the development complies with the conditions specified in **Table III-2.**

(k) Miscellaneous Service Uses: For purposes of this *Compatibility Plan*, these uses include car washes, barbers, animal kennels, and print shops. These uses are "incompatible" in Safety Zone 1 and "compatible" in Safety Zones 3, 4, 5, and 6. In Safety Zone 2, these uses are "conditionally compatible" and allowed only if the development complies with the conditions specified in **Table III-2.**

(l) Hotels and Motels: These uses, excluding associated conference and assembly facilities, are "incompatible" in Safety Zone 1 and "compatible" in Safety Zone 6. In Safety Zones 2, 3, 4, and 5 these uses are "conditionally compatible" and allowed only if the development complies with the conditions specified in **Table III-2.**

(m) Bed and Breakfast Establishments: These uses are "incompatible" in Safety Zone 1 and "compatible" in Safety Zone 6. In Safety Zones 2, 3, 4, and 5 these uses are "conditionally compatible" and allowed only if the development complies with the conditions specified in **Table III-2.** Bed and breakfast establishments located in Safety Zone 2 may not have more than five bedrooms.

(n) Auto, Aircraft, Marine Repair Services: These uses are "incompatible" in Safety Zone 1 and "compatible" in Safety Zones 2, 3, 4, 5, and 6.

(o) Manufacturing: Manufacturing uses are "incompatible" in Safety Zone 1 and "compatible" in Safety Zone 6. These uses are "conditionally compatible" in Safety Zones 2, 3, 4, and 5 and allowed only if the development complies with the conditions specified in **Table III-2**.

(p) Research and Development: These uses are "incompatible" in Safety Zone 1 and "compatible" in Safety Zone 6. These uses are "conditionally compatible" in Safety Zones 2, 3, 4, and 5 and allowed only if the development complies with the conditions specified in **Table III-2**.

(q) Industrial Outdoor Storage (except hazardous uses): These uses which include public works yards and auto wrecking yards are "compatible" in Safety Zones 2, 3, 4, 5, and 6 and "conditionally compatible" in Safety Zone 1. In Safety Zone 1, no habitable structures (e.g., offices) may be constructed and no development is allowed in the *object free area*.

(r) Warehouses and Distribution Facilities: These uses are "incompatible" in Safety Zone 1 and "compatible" in Safety Zones 2, 3, 4, 5, and 6.

(s) Gas Stations and Repair Garages: These uses are "incompatible" in Safety Zone 1 and "compatible" in Safety Zones 2, 3, 4, 5, and 6.

(t) Colleges and Universities: Colleges and universities are "incompatible" in Safety Zones 1, 2, and 5 and "compatible" in Safety Zone 6. These uses are "conditionally compatible" in Safety Zones 3 and 4. Colleges and universities constitute a mixed-use development; therefore in Safety Zones 3 and 4 component uses must be evaluated separately to determine compatibility (see Policy 3.4.7).

(u) Airport Terminals: Airport Terminals are "incompatible" in Safety Zone 1 and "compatible" in Safety Zones 2, 3, 4, 5, and 6.

(v) Nonaviation Transportation Terminals: These uses, including rail, bus, and marine terminals, are compatible in Safety Zones 3, 4, and 6. These uses are "incompatible" in Safety Zones 1 and 2 and "conditionally compatible" in Safety Zone 5. In Safety Zone 5, the use is allowed only if associated with providing access to the *Airport*.

(w) Truck Terminals and Truck Storage: These uses are "incompatible" in Safety Zone 1 and "compatible" in Safety Zones 2, 3, 4, 5, and 6.

(x) Small Transportation Hubs; Automobile Parking Structures; and Cell Phone Towers: These uses which include bus stops are "incompatible" in Safety Zone 1 and "compatible" in Safety Zones 2, 3, 4, 5, and 6.

(y) Aircraft Storage; Automobile Parking Surface Lots; Street and Highway Rights-of-Way; and Railroads and Public Transit Lines: These uses are "compatible" in Safety Zones 2, 3, 4, 5, and 6. In Safety Zone 1 these uses are "conditionally compatible." They are not allowed in the *object free area*.

(z) Agricultural and Other Uses: Safety compatibility criteria and policies for agricultural, open space, recreational, and other miscellaneous land uses are presented in **Table III-2**.

3.4.6 Nonresidential *Sensitive Land Uses*: Certain types of land uses present special safety concerns irrespective of the number of people associated with those uses. These *sensitive land uses*, the nature of the concern presented by those uses, and the conditions that a proposed *project* involving those sensitive uses must meet to be compatible within a particular safety zone are provided below.

(a) Uses Having Vulnerable Occupants: These are uses in which the majority of occupants are children, elderly, and/or disabled—people who have reduced effective mobility or may be unable to respond to emergency situations. The primary uses in this category and the conditions applicable to new facilities or expansion of existing facilities are as follows:

(1) Children's Schools (grades K–12): Children's schools are "incompatible" in Safety Zones 1, 2, and 5 and "compatible" in Safety Zone 6. In Safety Zones 3 and 4, these uses are "conditionally compatible" -- buildings at existing schools may be replaced or expanded if required by state law; however no new assembly facilities (spaces with capacities of 50 or more people) shall be created. In addition, no new school sites or acquisition of land for existing schools are acceptable within Zones 3 and 4.

(2) Day Care Centers (facilities with 15 or more children, as defined in the California Health and Safety Code): Day care centers are "incompatible" in Safety Zones 1, 2, and 5 and "compatible" in Safety Zone 6. In Safety Zones 3 and 4, these land uses are "conditionally compatible" -- buildings at existing centers may be replaced or expanded if required by state law; however, no new assembly facilities (spaces with capacities of 50 or more people) shall be created. In addition, no new day care center sites or acquisition of land for existing sites are acceptable within Safety Zones 3 and 4 .

(3) Family Day Care Homes (14 or fewer children): Family day care homes are "incompatible" in Safety Zones 1, 2, and 5 and "compatible" in Safety Zone 6. In Safety Zones 3 and 4, this use is "conditionally compatible" and allowed only if it is located in an existing residential area.

(4) Hospitals, Health Care Centers, Mental Hospitals, Other Medical Facilities (except doctors' offices): These uses are "incompatible" in Safety Zones 1, 2, and 5 and "compatible" in Safety Zone 6. In Safety Zones 3 and 4, these land uses are "conditionally compatible." No new sites or acquisition of land to expand existing sites are acceptable. In addition, existing buildings may be expanded only up to either the maximum intensity and lot coverage or the maximum *FAR* indicated in **Table III-2.**

(5) Congregate Care Facilities (less than five clients), Nursing Homes, and Assisted Living Facilities: These uses are "incompatible" in Safety Zones 1, 2, and 5 and "compatible" in Safety Zone 6. In Safety Zones 3 and 4, these uses are "conditionally compatible" and allowed if the development complies with the conditions specified in **Table III-2.**

(6) Public Inmate Facilities (e.g., prisons, reformatories): Public inmate facilities are "incompatible" in Safety Zones 1, 2, and 5 and "compatible" in Safety Zone 6. In Safety Zones 3 and 4, these land uses are "conditionally compatible." Specific limitations include a prohibition on the acquisition of new sites or acquisition of land to expand existing sites. However, buildings within Safety Zones 3 and 4 may be expanded or replaced at existing facilities if required by state law, provided that the expansion or

replacement of the existing facilities complies with the conditions specified in **Table III-2**.

(b) Hazardous Materials Storage: Materials that are flammable, explosive, corrosive, or toxic constitute special safety compatibility concerns to the extent that an aircraft accident could cause release of the materials and thereby pose dangers to people and property in the vicinity.

(1) Two categories of hazardous materials storage facilities are defined in **Table III-2**.

- Facilities such as oil refineries and chemical plants that process and store bulk quantities (tank capacities greater than 10,000 gallons) of highly hazardous materials: These facilities are "incompatible" in all safety zones except Safety Zone 6 and "compatible" in Safety Zone 6 only if the conditions in Paragraph (2) below are met.
- Facilities where hazardous materials are stored primarily for use at an otherwise compatible land use: These facilities are "incompatible" in Safety Zone 1 and "compatible" in Safety Zones 2, 3, 4, and 5 only if the conditions in Paragraph (2) below are met.

(2) Where the above facilities are "conditionally compatible" in the indicated zones, they must comply with all applicable federal, state, and local standards pertaining to the specific use. Additionally, permitting agencies shall evaluate whether extra precautions or special measures would be warranted to protect against release of the hazardous substances in the event that the facility where the substances are stored and used should be involved in an aircraft accident. Both new facilities and expansion or replacement of existing facilities are to be evaluated against this criterion.

(3) The occupied portion of any facility containing hazardous materials must also be consistent with the compatibility evaluation for that use indicated in **Table III-2** and comply with any conditions (such as maximum *FAR*, the usage intensity and maximum *lot coverage* requirements) that may be listed for that use.

(c) Critical Community Infrastructure: This category pertains to facilities, the damage or destruction of which would cause significant adverse effects to public health and welfare well beyond the immediate vicinity of the facility.

(1) Public Emergency Services Facilities: Facilities such as police and fire stations are "incompatible" in Safety Zones 1 and 2. These facilities are conditionally compatible in Safety Zones 3 and 4, but they should be constructed or expanded in Safety Zones 3 and 4 only if the *local agency* documents that an alternative site outside these zones would not serve the intended public function consistent with statutory requirements. Any facilities built under this condition must be designed in a manner that protects against the

facility being rendered unusable if it were to be struck by a light aircraft. The risk reduction policy objectives listed in Policy 3.4.13 should be utilized, to the extent possible, to reduce the risk of damage to the facility in the event of an aircraft accident. In addition, the usage intensity and maximum *lot coverage* requirements provided in **Table III-2** must be met. These uses are "compatible" in Safety Zones 5 and 6.

(2) Emergency Communications Facilities: These facilities are "incompatible" in Safety Zone 1 and "conditionally compatible" in all other safety zones. In Safety Zones 2, 3, 4, 5, and 6 no new sites for these facilities or land acquisition for expansion of existing sites is allowed. Facilities on existing sites may be modified, replaced, or expanded.

(3) Power Plants: Construction or expansion of power plants is "incompatible" in Safety Zones 1, 2, and 5. In Safety Zones 3, 4, and 6, these facilities are "conditionally compatible" – these land uses may be modified, replaced, or expanded on existing sites, but no new sites or land acquisition for expansion of existing sites is allowed. The limitations on new sites and land acquisition do not apply in Safety Zone 6 for peaker plants.

3.4.7 Mixed-Use Development and Ancillary Uses: Where a combination of land use types listed separately in **Table III-2** are proposed for a single *project*, the following policies apply:

(a) Development in which residential uses are proposed to be located along with nonresidential uses in the same or nearby buildings on the same site must meet both residential density and nonresidential intensity criteria. Each nonresidential component use shall be considered as occupying a proportionate share of the total *project's* square footage. For the residential component, the number of dwelling units shall not exceed the density limits indicated in **Table III-2**. For the nonresidential component, the intensity shall not exceed the intensity limits in **Table III-2**, based on each nonresidential use's component proportion of the total *project's* square footage. For example, if 70% of a *project's* total square footage is residential and 30% is retail, the maximum allowable *FAR* for the retail component would be 30% of the retail *FAR* in **Table III-2**. Each component nonresidential use must not exceed the proportionate *FAR* limit applicable to each use in order for the use to be allowed as part of the *project.*

(1) Except as limited by Paragraph (2) below, this mixed-use development policy is intended for dense, urban-type developments where the overall usage intensity and ambient noise levels are relatively high. The policy is not intended to apply to projects in which the residential component is isolated from the nonresidential uses of the site.

(2) Mixed-use development shall not be allowed where the residential component would be exposed to noise levels above the limits set in Policy 3.3.3.

(b) Where proposed development will contain a mixture of nonresidential uses listed separately in **Table III-2**, each component use must comply with the applicable criteria listed in the table.

(1) The *FAR* for each component use shall be calculated as a proportion of the *FAR* specified for that use. For example, if 70% of a *project's* total square footage is office and 30% is retail, the allowable *FAR* for the office component would be 70% of the office *FAR* in **Table III-2** and the allowable *FAR* for the retail component would be 30% of the retail *FAR* in **Table III-2**. Each component use must not exceed the proportionate *FAR* limit applicable to that use in order for the use to be allowed as part of the *project*.

(2) Ancillary uses – ones that occupy less than 10% of the total floor area – are not required to be included in the above calculation (this criterion is intended to parallel *CBC* standards). See Paragraph (c) below.

(3) See Policy 3.4.11 with regard to criteria for project sites that occupy two or more safety zones.

(c) Land use types for which a *FAR* limit is listed in **Table III-2** as a condition for acceptability in a particular safety zone may have up to 10% of the floor space devoted to an ancillary use of another type, even a use with a higher occupancy load factor, provided that the ancillary use is neither:

(1) An assembly room having more than 650 occupants; nor

(2) A school, day care center, or other risk-sensitive use that is "incompatible" within the safety zone where the primary use is to be located.

3.4.8 Maximum Lot Coverage: *Lot coverage* requirements do not apply to compatible land uses. All "conditionally compatible" development in Safety Zones 2, 3, 4, and 5 shall adhere to the maximum *lot coverage* limitations indicated in **Table III-2**. No structures are permitted in Safety Zone 1 and there are no limits on *lot coverage* in Safety Zone 6. All structures, including parking structures and support buildings, shall be counted when determining maximum *lot coverage*. In addition:

(a) On project sites of 10 acres or more, structures and other large objects shall be arranged so as to meet the "open land" criteria in Policy 3.4.9, below, at the rate of one "open land" area per each 10 acres of the site.

(b) On project sites of less than 10 acres, provision of "open land" areas is desirable, but not required.

3.4.9 Open Land: In the event that a light aircraft is forced to land away from an airport, the risks to the people on board can best be minimized by providing as much "open land" area as possible

within the airport vicinity. This concept is based upon the fact that the majority of light aircraft accidents and incidents occurring away from an airport runway are controlled emergency landings in which the pilot has reasonable opportunity to select the landing site. For business jets and other large or fast aircraft, including most military aircraft, the provision of "open land" for emergency landing purposes has minimal benefit unless the areas are very large and flat.

(a) "Open land" criteria are applicable to all general aviation airport runways in that event the runways frequently used by business jets are mostly used by light aircraft.

(b) To qualify as "open land", an area must:

(1) Have minimum dimensions of approximately 75 feet by 300 feet (0.5 acres).

(2) Consist of level (maximum 5% slope) ground with no major surface irregularities.

(3) Be free of most structures and other major obstacles, such as walls, large trees or poles (greater than 4 inches in diameter, measured 4 feet above the ground), and overhead wires.

(4) Not have buildings or other large obstacles more than 15 feet in height situated within 100 feet beyond the ends of the "open land" area. Shorter objects and ground surface irregularities are allowed. This clear airspace is intended to enhance the potential for aircraft to descend to an "open land" area.

(c) "Open land" areas should be oriented with the typical direction of aircraft flight over the location involved.

(d) Roads and automobile parking lots are acceptable as "open land" areas if they meet the above criteria.

(e) "Open land" criteria for each safety zone are most appropriately applied with respect to the entire zone. Individual parcels may be too small to accommodate the minimum size "open land:" requirement. Consequently, the identification of "open land" areas must initially be accomplished at the *general plan* level or as part of large (10 acres or more) *projects*.

(f) Clustering of development, subject to the limitations noted in Policy 3.4.10 below, and providing contiguous landscaped and parking areas is encouraged as a means of increasing the size of "open land" areas.

(g) Building envelopes and the airport compatibility zones should be indicated on all development plans and tentative maps, when applicable, for *projects* located within the *AIA* covered by this *Compatibility Plan*. Portraying this information is intended to ensure that individual *projects* provide the "open land" areas identified in the applicable *general plan*.

3.4.10 Limits on Clustering of Residential Development: As used in this *Compatibility Plan*, "clustering" refers to the concentration of development (measured in terms of dwelling units) into a portion of the site, leaving other portions of the site relatively less developed or as open land. To a degree, clustering of development is desirable from an airport land use safety compatibility perspective in that more places where an aircraft can attempt an emergency landing would then potentially remain. However, clustering poses the risk that an out-of-control aircraft could strike the location where the development is clustered. To guard against this risk, limitations on the maximum concentrations of dwelling units in a small area of a large project site are appropriate. Clustering of residential development shall be limited, as indicated in Policies 3.4.4(c) and 3.4.4(d).

3.4.11 Project Sites Lying Partially within a Safety Zone or within Two or More Safety Zones: For the purpose of evaluating consistency with the compatibility criteria set forth in **Table III-2**, any parcel that is split by compatibility zone boundaries shall be considered as if it were multiple parcels divided at the compatibility zone boundary line. Guidelines regarding clustering of residential and nonresidential development shall apply (see Policies 3.4.4 and 3.4.10).

3.4.12 Special Provisions for Safety Zone 1: In accordance with *FAA* Advisory Circular 150/5300-13 "Airport Design," the basic compatibility criteria for Safety Zone 1 (the *runway protection zone*), as listed in **Table III-2**, preclude most uses, including any new structures and uses having an assemblage of people.

(a) The presumption is that the airport owner owns or intends to acquire property interests—fee title or easements—sufficient to effectuate this policy. The *ALUC* policy is to encourage airport owner acquisition of these property interests in all of Safety Zone 1 with funding assistance from the *FAA*.

(b) In instances where the affected property is privately owned and the airport owner does not intend to acquire property interests, the following uses and only these uses shall be considered acceptable:

(1) Within the runway *object free area* (OFA): No uses except *FAA*-approved uses related to aeronautical functions.

(2) Within the extended runway *object free area*:

- Roads.
- Farm crops that do not attract wildlife.

(3) Outside the runway *object free area* and extended runway *object free area*.

- Uses listed in Paragraph (2) above.
- Surface automobile parking.

- Other uses not in structures and not exceeding a usage intensity of 10 people per any single acre.

(4) The acceptability of uses not listed shall be consistent with *FAA* Advisory Circular 150/5300-13, "Airport Design," and the *ALUC* determination shall be made in consultation with the *FAA* and the airport owner.

3.4.13 Risk Reduction Policy Objectives and Intensity of Nonresidential Development: Although avoidance of intensive land use development is always preferable, a concept that may be acceptable in some situations, as provided below, is incorporating risk reduction policy objectives into building design/construction in order to minimize the risk and maximize the safety of building occupants. In accordance with guidance provided in the *Handbook*, this concept should be limited to airports located in urban locations and used predominantly by small aircraft. In these circumstances, consideration may be given to allowing additional intensity, beyond the maximum intensity limits (calculated as people per acre on a sitewide average) provided at the top of **Table III-2**, in buildings that incorporate special risk reduction policy objectives. This policy is not applicable to conditionally compatible uses in Safety Zone 1 or to conditionally compatible uses in Safety Zone 2 indicated with an "A" in **Table III-2**. Such "A" uses can only be developed to the maximum base-level intensity limits described in Policy 3.4.5(a)(1), above, even if the risk reduction policy objectives listed in Paragraph (b) below are provided.

(a) Buildings that incorporate the special risk reduction policy objectives listed below are allowed maximum usage intensities as follows:

- Within Safety Zone 2: up to 105 people per acre
- Within Safety Zone 3: up to 260 people per acre
- Within Safety Zone 4: up to 260 people per acre
- Within Safety Zone 5: up to 400 people per acre

(b) To qualify for the maximum usage intensities described in paragraph (a) above, an applicant shall demonstrate to the satisfaction of the responsible *local agency* that the building has been designed to minimize risk and increase the safety of building occupants beyond the minimum requirements of the California Building Code. Applicants requesting increased intensity in exchange for risk reduction are to be evaluated against the policy objectives listed below:

(1) Provides increased fire resistance rated construction to prevent or delay fire-induced structural damage;

(2) Provides increased fire protection systems to allow occupants more time to exit the building and to delay the spread of fire to adjacent buildings;

(3) Provides enhanced means for building egress;

(4) Addresses aircraft impact loads in the design of the building's structural systems in order to reduce the potential for structural damage.

(c) The *local agency* may substitute comparable risk reduction policy objectives to those specified in Paragraph (b) above, provided that:

(1) The objective(s) meet safe-building objectives defined in *Compatibility Plan* policies; and

(2) The local agency and/or design architect/structural engineer certify that the objective(s) meet *Compatibility Plan* policy objectives.

Some *local agencies* do not provide usage intensity limits or people per acre limits in their *general plans*; rather, the *local agencies* adopt specific *FAR* limits. To facilitate *local agency* implementation, **Table III-2** has been structured around *FAR* measures to determine usage intensity limits for many types of nonresidential land use development. Where applicable, three *FAR* numbers are included in **Table III-2** to correspond to the permitted *FAR* based on the amount of risk reduction measures that are incorporated into a project. **Appendix D** provides information regarding how the *FAR* numbers in **Table III-2** were calculated based upon the assumed occupancy load factor for various land uses. As shown in **Appendix D**, *FAR* is calculated by people per acre multiplied by the occupancy load factor (or square footage per person) for each land use divided by 43,560.

This formula must also be used in order to determine the *FAR* increase that will be permitted if risk reduction objectives are incorporated into project design. For example, a mid-sized eating/drinking establishment in Safety Zone 3 with no risk reduction objectives is allowed a 0.18 *FAR*:

$$\frac{\text{130 (maximum people per acre) x 60 (sf per person)}}{\text{43,560}} = \text{0.18 FAR}$$

If the risk reduction policy objectives described in Paragraph (b) above are incorporated into project design, the maximum permitted *FAR* for a mid-sized eating/drinking establishment in Safety Zone 3 would be 0.36 *FAR* and would be calculated as follows:

$$\frac{\text{260 (maximum people per acre) x 60 (sf per person)}}{\text{43,560}} = \text{0.36 FAR}$$

3.4.14 Relationship of Maximum *FAR* to Maximum Intensity and Lot Coverage Limits: In **Table III-2**, maximum allowable *FARs* are indicated for some conditional uses. In those cases, either (1) the maximum *FAR* or (2) the maximum intensity and lot coverage limits shall apply.

Professional Qualifications

Mr. David P. Burningham, MAI

Experience

Actively engaged in real estate valuation and consulting since 2004. Background includes nine years in corporate accounting and finance. Recent experience is concentrated in major urban and suburban developments. Valuations have been performed on various properties including, but not limited to, strip and neighborhood shopping centers, single and multitenant industrial buildings, business parks (both industrial and office), low to mid rise office buildings, apartments, mixed use facilities, and vacant land for different uses. Mr. Burningham specializes in the real estate appraisal of a number of special purpose properties, including but not limited to Port Authority properties, boat repair facilities, downtown city blocks (land), high density land, skilled nursing facilities, car washes, airplane hangars, mobile home parks, and self-storage facilities together with a wide array of medical office properties.

Clients served include accountants, investment firms, law firms, and lenders, private and public agencies. Valuations have been performed for condemnation purposes, estates, financing, equity participation and due diligence support. Valuations and market studies have been done on proposed, partially completed, renovated and existing structures.

Professional Activities & Affiliations

Member: Appraisal Institute, January 2012

Licenses

California, Certified General, AG036349, Expires February 2025

Education

Master of Business Administration
CALIFORNIA STATE UNIVERSITY - SAN MARCOS, San Marcos, CA
December 1997

Bachelor of Science
BRIGHAM YOUNG UNIVERSITY, Provo, UT
August 1994
Major: Business Management, Emphasis: Finance
Minor: Statistics

Miscellaneous

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Glossary

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate.* 13th ed. Chicago: Appraisal Institute, 2008. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal.* 5th ed. 2010. Print.

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (Dictionary, 5th Edition)

Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 5th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
   - CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.
   - CAM can refer to all operating expenses.
   - CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.
2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. The area maintained in common by all tenants, such as parking lots and common passages. The area is often defined in the lease and may or may not include all physical area to be paid for by all tenants. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow

removal, security, and upkeep. (ICSC) (Dictionary, 5th Edition)

Debt Coverage Ratio (DCR)
The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 5th Edition)

Discount Rate
A yield rate used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 5th Edition)

Effective Age
The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 5th Edition)

Effective Date
1. The date on which the analyses, opinion, and advice in an appraisal, review, or consulting service apply.
2. In a lease document, the date upon which the lease goes into effect. (Dictionary, 5th Edition)

Exposure Time
1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary, 5th Edition)

External Obsolescence
An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, tenant. (Dictionary, 5th Edition)

Extraordinary Assumption
An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.) (Dictionary, 5th Edition)

Fee Simple Estate
Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary, 5th Edition)

Functional Obsolescence
The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 5th Edition)

Functional Utility
The ability of a property or building to be useful and o perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout,

traffic patterns, and the size and type of rooms. (The Appraisal of Real Estate, 13th Edition)

Gross Building Area (GBA)
Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region. (Dictionary, 5th Edition)

Gross Leasable Area (GLA)
Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 5th Edition)

Highest & Best Use
The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary, 5th Edition)

Highest and Best Use of Land or a Site as Though Vacant
Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (Dictionary, 5th Edition)

Highest and Best Use of Property as Improved
The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. (Dictionary, 5th Edition)

Hypothetical Condition
That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary, 5th Edition)

Leased Fee Interest
A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary, 5th Edition)

Market Area
The area associated with a subject property that contains its direct competition. (Dictionary, 5th Edition)

Market Rent
The most probably rent that a property should bring is a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant

improvements (TIs). (Dictionary, 5th Edition)

Market Value
The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.
2. Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2010-2011 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:
   - Identification of the specific property rights to be appraised.
   - Statement of the effective date of the value opinion.
   - Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
   - If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.
3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
   - Buyer and seller are typically motivated;
   - Both parties are well informed or well advised, and acting in what they consider their best interests;
   - A reasonable time is allowed for exposure in the open market;
   - Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
   - The price represents the normal consideration for the property sold unaffected by special or creative

financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards, 8th ed., 2007)
5. Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure of time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 5th Edition)

Marketing Time
An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 5th Edition)

Net Operating Income (NOI)
The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. (Dictionary, 5th Edition)

Obsolescence
One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 5th Edition)

Parking Ratio
A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 5th Edition)

Rentable Area
For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based;

calculated according to local practice. (Dictionary, 5th Edition)

Replacement Cost
The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised,

Scope of Work
The type and extent of research and analyses in an assignment. (Dictionary, 5th Edition)

Stabilized Occupancy
An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent. (Dictionary, 5th Edition)

Tenant Improvements (TIs)
1. Fixed improvements to the land or structures installed and paid for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 5th Edition)

Vacancy and Collection Loss
A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. Often vacancy and collection loss is expressed as a percentage of potential gross income and should reflect the competitive market. Its treatment can differ according to the interest being appraised, property type, capitalization method, and whether the property is at stabilized occupancy. (Dictionary, 5th Edition)

using modern materials and current standards, design, and layout. (Dictionary, 5th Edition)