SUBJECT: LEASE AGREEMENT BETWEEN THE AIRPORT ENTERPRISE FUND AND THE SEWER FUND FOR THE SLUDGE DRYING BEDS AT THE AIRPORT

SOURCE: Airport

COMMENT: The Sewer Fund currently operates a sludge drying operation at the Porterville Municipal Airport. In an agreement with the FAA, the City of Porterville needs to establish a formal lease agreement with the Sewer Fund.

The FAA requires all airport land, leased or rented, for non-aviation use be in three (3) year increments or less. At the end of the three years the City can renew the lease if the conditions have not changed.

A recent appraisal of all airport lands indicated the six (6) acres has a land value of $80.00 per acre per year for long term leases and a value of $150.00 per acre per year for leases of three (3) years or less.

Because of the new “length of term” requirements, it would be appropriate to execute the attached Lease Agreement which includes the following two provisions;

1. A rental agreement set at three (3) years.
2. A yearly lease amount of $150.00 per acre per year with a yearly CPI adjustment.

RECOMMENDATION: That the City Council authorize the Mayor to sign the Lease Agreement between the City of Porterville Sewer Fund and the Airport Enterprise Fund.

ATTACHMENT: Lease Agreement
Site Locator Map Exhibit “A”
LEASE FOR USE OF AIRPORT PROPERTY
LOCATED AT THE PORTERVILLE MUNICIPAL AIRPORT
FOR SLUDGE DRYING BEDS

This Lease, executed this 17 day of September, 2002, by and between the City of Porterville, a charter law city and municipal corporation, hereinafter referred to as “City,” and the City of Porterville, Airport Enterprise Fund, hereinafter referred to as “Airport,” shall run for three years from the time this lease is executed.

W I T N E S S E T H:

WHEREAS, City intends to rent property from the Airport for the operation of sludge drying beds; and

WHEREAS, City understands that this lease is for a three (3) year renewable agreement, and should the Airport have need for any or all of the subject property, this lease becomes null and void; and

WHEREAS, Airport will supply the property for sludge drying beds

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

1. Airport agrees to supply to the City property for sludge drying beds.

2. City agrees to pay an annual lease payment to the Airport Fund in the amount of $900.00, adjusted yearly by the rise or fall of the Consumer Price Index. The CPI will be calculated annually at the average between the Los Angeles and San Francisco CPI, all items index.

3. The term of the lease shall be for three (3) years.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed the day and year first above written.

CITY OF PORTERVILLE

By: _______________________________
    Gordon T. Woods, Mayor

AIRPORT

By: _______________________________
    Frank Guyton, Airport Manager

ATTEST:

_______________________________
John Longley, City Clerk

APPROVED AS TO FORM:

_______________________________
Julia Lew, City Attorney