COUNCIL AGENDA: SEPTEMBER 17, 2002

SUBJECT: AMENDMENT TO LEASE AGREEMENT BETWEEN THE AIRPORT ENTERPRISE FUND AND THE GENERAL FUND FOR THE SPORTS COMPLEX PARKING AREA

SOURCE: Airport

COMMENT: A lease agreement between the Airport Enterprise Fund and the General Fund for 35.23 acres of parking at the sports complex was approved by Council on February 20, 2001.

The lease payments are currently being paid from the Park Development Fund. The lease agreement was to remain in effect until such time as the subject Airport property was required for Airport development. The annual lease payment is currently $166.68 per acre per year.

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 35.23 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 amendment to the Lease Agreement which includes the following two provisions:

1. The term of this rental agreement shall be three (3) years from the date of execution.
2. The lease amount be set at $150.00 per acre per year with a yearly CPI adjustment.

RECOMMENDATION: That the City Council authorize the Mayor to sign the Amendment to the Lease Agreement between the City General Fund and the Airport Enterprise Fund.

ATTACHMENT: Amendment Lease Agreement
Site Locator Map Exhibit “A”
AMENDMENT TO THE AGREEMENT FOR USE OF AIRPORT PROPERTY LOCATED AT THE PORTERVILLE MUNICIPAL AIRPORT FOR PARKING AT THE CITY OF PORTERVILLE SPORTS COMPLEX

This Amendment, executed this 17th day of September, 2002, by and between the City of Porterville, a charter 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 a period of three years from the time this amendment is executed.

W I T N E S S E T H:

WHEREAS, City intends to rent property from the Airport for parking at the Sports Complex; and

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

WHEREAS, Airport will supply the property for parking at the Sports Complex.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

1. Airport agrees to supply to the City property for parking at the Sports Complex.

2. City agrees to pay an annual lease payment to the Airport Enterprise Fund in the amount of $5,284.50, 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.

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

IN WITNESS WHEREOF, the parties hereto have caused this Amendment 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