SUBJECT: AIRPORT LEASE - LOT 46A

SOURCE: Fire Department/Airport

COMMENT: Donald Swenson and Loretta Swenson are the current lease holders of Lot 46A at the Porterville Municipal Airport under a lease executed on July 1, 1992 and ending on June 30, 2002.

The City is proposing a change to the lease agreement.

Paragraph three (3) outlines the Rental and Business Privilege Consideration; (see attachment) the City of Porterville is proposing to void Paragraph 3 as it is currently written, and replace it with the following.

Rental and Business Privilege Consideration: The lessee agrees to pay to City in lawful money of the United States without deductions or offset, to the Chief Financial Officer, City of Porterville, 291 N. Main Street, Porterville, California 93257, or to such persons and at such place or places as may be designated from time to time by City, a rental rate of $0.22 per square foot per year. Inasmuch as the lease site (See Exhibit “A” attached) contains approximately 3,220 square feet of land area, said rental rate will be $708.40 annually payable in advance. Monthly payments may be authorized by the Chief Financial Officer; however, should any monthly payment become past due, the monthly payment option will be withdrawn and the total lease amount remaining becomes due and payable immediately.

Beginning January 1, 2004, and each January 1, thereafter for the term of the lease, the rate shall be adjusted by a percentage equal to the annual percentage increase or decrease in the Consumer Price Index (CPI). The CPI used shall be a twelve (12) month average of the San Francisco CPI and the Los Angeles CPI, all item index, as published for October of the prior year.

Recommendation: That the City Council approve Lease Amendment No. 1, modifying paragraph three (3) of the original Lease Agreement.

Attachment: Lease Amendment No. 1
Copy of original Lease Paragraph 3
Exhibit “A” Lease Site

Item No. 24
AMENDMENT NO. 1 TO LEASE AGREEMENT PORTERVILLE
MUNICIPAL AIRPORT LOT 46A

The City of Porterville, a Charter Law City and Municipal Corporation (the “City” or “Lessor”), having entered into a Lease Agreement dated July 1, 1992, with respect to the lease of Lot 46A at the Porterville Municipal Airport, and Donald Swenson and Loretta Swenson do hereby agree to amend paragraph 3 of said Agreement contingent only on the mutual execution of same, as follows:

A. Page 2, Paragraph 3 of the Agreement is amended to read as follows:

Rental and Business Privilege Consideration: Lessee agrees to pay to City in lawful money of the United States without deductions or offset, to the Chief Financial Officer, City of Porterville, 291 N. Main Street, Porterville, California 93257, or to such persons and at such place or places as may be designated from time to time by City, a rental rate of $0.22 per square foot per year. Inasmuch as the lease site (See Exhibit “A” attached) contains approximately 3,220 square feet of land area, said rental rate will be $708.40 annually payable in advance. Monthly payments may be authorized by the Chief Financial Officer; however, should any monthly payment become past due, the monthly payment option will be withdrawn and the total lease amount remaining becomes due and payable immediately.

Beginning January 1, 2004, and each January 1, thereafter for the term of the lease, the rate shall be adjusted by a percentage equal to the annual percentage increase or decrease in the Consumer Price Index (CPI). The CPI used shall be a twelve (12) month average of the San Francisco CPI and the Los Angeles CPI as published for October of the prior year. The CPI index will be - All Urban Consumers.

B. This amendment shall be effective on the 1st day of November 2002.

DATED: October 15, 2002

CITY OF PORTERVILLE

_______________________________
By:________________________________
Gordon T. Woods, Mayor

LESSEE

By:________________________________
Donald Swenson

By:________________________________
Loretta Swenson

ATTEST:

Approved as to Form:

_______________________________
John Longley, City Clerk

_______________________________
Julia Lew, City Attorney