SUBJECT: AIRPORT LEASE - LOT 49A

SOURCE: Fire Department/Airport

COMMENT: B. Michael Wall and Elaine Wall are the current lease holders of Lot 49A at the Porterville Municipal Airport under a lease executed on June 1, 1992 and ending on May 31, 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 the 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 the City, a rental rate of $0.22 per square foot per year. Inasmuch as the lease site (See Exhibit “A” attached) contains approximately 2,600 square feet of land area, said rental rate will be $572.00 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by the Chief Financial Officer; however, should any monthly payment become past due, the monthly payment option will be withdrawn and the total lease amount remaining becomes due and payable immediately.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

Dir. □ Funded □ C/M □ Item No. 25
     □ Approp.
AMENDMENT NO. 1 TO LEASE AGREEMENT PORTERVILLE
MUNICIPAL AIRPORT LOT 49A

The City of Porterville, a Charter Law City and Municipal Corporation (the “City” or “Lessor”), having entered into a Lease Agreement dated June 1, 1992, with respect to the lease of Lot 49A at the Porterville Municipal Airport, and B. Michael Wall and Elaine Wall 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 2,600 square feet of land area, said rental rate will be $572.00 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

_______________________________
Gordon T. Woods, Mayor

LESSEE

_______________________________
By:________________________________
B. Michael Wall

By:________________________________
Elaine Wall

ATTEST:

Approved as to Form:

_______________________________
John Longley, City Clerk

_______________________________
Julia Lew, City Attorney