SUBJECT: LEASE AGREEMENT BETWEEN THE CITY OF PORTERVILLE'S SEWER OPERATION FUND AND THE AIRPORT ENTERPRISE FUND

SOURCE: Administration /Airport

COMMENT: The Sewer Division currently operates eight sludge drying beds at the Porterville Municipal Airport. The Sewer Division also leases airport land for the discharge of treated wastewater. All Airport property which is leased for non-aviation use must be renewed every three years.

For fiscal year 2006/2007 through 2008/2009, the Sewer Division is requesting to lease the 7.1 acres on which the drying beds are located (lot 13) along with 240 acres (lots 1, 2, 12) for another three-year term.

The charges to the Sewer Operating Fund will be $25,420 for fiscal year 2006/2007 and adjusted by the Consumer Price Index for fiscal years 2007/2008 and 2008/2009. This is based on $200.00 an acre per year for the drying beds and $100.00 an acre per year for the remaining 240 acres. The CPI used will be the average of the San Francisco Index and the Los Angeles Index, all users.

As this three-year lease reflects a reduction in acreage of airport land once used for dry farming operations, the airport fund will see a reduction in revenues from last year. The reduction will be approximately $26,000.

Staff will attempt to lease any unused airport land to recoup the anticipated losses. One option is to advertise the open land for a "Request for Proposal" to local farmers as dry farm land available for lease.
RECOMMENDATION: That the City Council authorize the Mayor to sign the Resolution and Lease Agreement between the City of Porterville Sewer Operating Fund and the Airport Enterprise Fund.

ATTACHMENT: Lease Agreement
Resolution
Airport Map of proposed lease areas
LEASE AGREEMENT FOR USE OF AIRPORT PROPERTY 
LOCATED AT THE PORTERVILLE MUNICIPAL AIRPORT 
FOR TREATED WASTE WATER AND BIOSOLIDS DISPOSAL 
OPERATIONS

This Lease Agreement is entered into this 16th day of May, 2006, 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."

WITNESSETH:

1. For and consideration of the terms, conditions and covenants hereinafter contained, the Airport hereby lets, leases and demises unto the City, and the City hereby hires and takes from the Airport, that real property situate in the City of Porterville, in the County of Tulare, State of California, described as follows:

   See Map attached as Exhibit "A"

2. This Lease Agreement shall be a three (3) year renewable agreement effective July 1, 2006 and ending on June 30, 2009.

3. City agrees to pay an annual lease payment to the Airport Enterprise Fund in the amount of $25,420 adjusted at the beginning of each fiscal year 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.

4. Should the Airport have a need for any and all of the subject property, this agreement shall become null and void.

Dated this 16th day of May, 2006.

CITY OF PORTERVILLE

BY: ______________________________________
   Pedro R. Martinez, Mayor

ATTEST:  APPROVED AS TO FORM

_________________________________________________________________________{155x600}

John Longley, City Clerk           Julia Lew, City Attorney
RESOLUTION NO. ___-2006

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORTERVILLE APPROVING THE USE OF CERTAIN AIRPORT PROPERTY LOCATED AT THE PORTERVILLE MUNICIPAL AIRPORT FOR TREATED WASTE WATER AND BIOSOLIDS DISPOSAL OPERATIONS, AND AUTHORIZING A LEASE AGREEMENT FOR SAID USE

WHEREAS, the City of Porterville intends to enter into a Lease Agreement with the City of Porterville Airport Enterprise Fund, hereinafter referred to as "Airport,"; and

WHEREAS, the City intends to rent property from the Airport for the disposal of treated waste water and biosolids operations; and

WHEREAS, the City understands that this agreement is for a three (3) year renewable Agreement effective July 1, 2006 and ending on June 30, 2009, and should the Airport have a need for any or all of the subject property, the Agreement shall become null and void; and

WHEREAS, the Airport will supply the property for the disposal of treated waste water and biosolids.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Porterville as follows:

1. The City of Porterville shall lease property from the Porterville Municipal Airport for the disposal of treated waste water and biosolids.

2. The City of Porterville agrees to pay an annual lease payment to the Airport Enterprise Fund in the amount of $25,420 adjusted at the beginning of each fiscal year 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 agreement shall be for three (3) years.

Adopted this 16th day of May, 2006.

____________________________________
Pedro R. Martinez, Mayor

ATTEST:
John Longley, City Clerk

By:___________________________________
Georgia Hawley, Chief Deputy City Clerk