



**CITY OF SALINAS
CITY COUNCIL STAFF REPORT**

DATE: DECEMBER 17, 2019

DEPARTMENT: PUBLIC WORKS, AIRPORT DIVISION

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR

BY: BRETT J. GODOWN, AIRPORT MANAGER

TITLE: FACILITY LEASE 342 AIRPORT BLVD. AT THE SALINAS MUNICIPAL AIRPORT

RECOMMENDED MOTION:

A resolution approving the transfer of certain real property and approval of a facility lease between the City of Salinas and Northern Salinas Valley Mosquito Abatement District, for 342 Airport Blvd. at the Salinas Municipal Airport.

RECOMMENDATION:

It is recommended that the City Council:

1. Approve a facility lease for 342 Airport Blvd., between the City of Salinas and the Northern Salinas Valley Mosquito Abatement District at the Salinas Municipal Airport; and
2. Accept the Quitclaim for 342 Airport Blvd. transferring the rights, title, and interest in and to 342 Airport Blvd. to the City of Salinas.

BACKGROUND:

The Northern Salinas Valley Mosquito Abatement District (“District”) first entered into a ground lease at 342 Airport Blvd. in 1953. The lease expired in 2003. A second ground lease was executed for the same site in 2004. The second lease expired in June of 2019. Based on previous lease conditions, historical and current Airport leasing practices, the improvements constructed by the District are set to revert to the City of Salinas at the execution of the new facility lease. The City and the District have worked since January 2019 to construct a new lease and facilitate the change in ownership of the improvements.

At the December 5, 2019 Airport Commission meeting, the Airport Commission recommended City Council approve a facility lease for 342 Airport Blvd., between the City of Salinas and the Northern Salinas Valley Mosquito Abatement District at the Salinas Municipal Airport.

At the December 5, 2019 Airport Commission meeting, the Airport Commission recommended City Council accept the Quitclaim for 342 Airport Blvd. transferring the rights, title, and interest in and to 342 Airport Blvd. to the City of Salinas.

ANALYSIS:

Appraisal

Stephen Brown Associates, Inc. was contracted to appraise the site. The appraisal was completed in accordance with (a) the Uniform Standards of Professional Appraisal Practices (“USPAP”) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, and (b) the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

**APPRAISAL
CONCLUSION**

Appraisal Premise	Interest Appraised	Effective Date	Value Conclusion
As Is	Fee Simple	Prospective July 1, 2019	Property Value of \$1,300,000
Hypothetical Vacant Site	– Fee Simple	July 1, 2019	Ground Rent of \$35,040

Property Inspection Report

West Coast Property Inspections was contracted to evaluate the building. Minor, non-structural defects were reported. The structural integrity of the building is sound. The minor defects included items such as missing Ground Fault Indicators, corrosion on vent pipes, missing carbon monoxide detector, stains from repaired roof leaks, etc.

Quitclaim Deed

On November 21, 2019, the District conveyed all rights, title and interest in and to 342 Airport Blvd. as well as all rights, title and interest of 342 Airport Blvd. in and to any leasehold improvements to the City of Salinas. Following Salinas City Council’s approval of the Lease between the City and the District, the City Manager will execute a Certificate of Acceptance for 342 Airport Blvd. The Certificate of Acceptance is the final step in the change of ownership, transferring the property from the District to the City of Salinas.

Term

The lease provides one two-year initial term and a one one-year option renewal of the lease.

Space

Land - .915 acres 40,000 sq. ft.

Gross Building Area – 8,872± sq. ft. consisting of office, shop, maintenance area, garage, and storage.

Escalator

The annual rent shall be increased by an amount equal to the change in CPI (August to August) with a floor of 2.5% and a ceiling of 4.5%.

CEQA/NEPA CONSIDERATION:

The City of Salinas has determined that the proposed action is not a project and therefore exempt as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

Approval of this lease will support City Council goals of Effective, Sustainable Government, and Economic Diversity and Prosperity.

DEPARTMENTAL COORDINATION:

The City of Salinas Airport Facility Lease, Quitclaim, and Certificate of Acceptance was reviewed as to form by the City Attorney.

FISCAL AND SUSTAINABILITY IMPACT:

Revenues from this lease will provide a positive impact to the Airport Enterprise Fund of \$42,000 during the first year of the lease.

ATTACHMENTS:

Northern Salinas Valley Mosquito Abatement District Facility Lease
West Coast Property Inspections – Property Inspection Report
Stephen Brown Associates – 342 Airport Boulevard Industrial Property Appraisal Report
Quitclaim Deed – 342 Airport Blvd.
Certificate of Acceptance – 342 Airport Blvd.
Resolution