



**CITY OF SALINAS
CITY COUNCIL STAFF REPORT**

DATE: SEPTEMBER 12, 2023

DEPARTMENT: PUBLIC WORKS, AIRPORT DIVISION

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR

BY: BRETT J. GODOWN, C.M., C.A.E., AIRPORT MANAGER

TITLE: REACH AIR MEDICAL SERVICES LLC, 20A & 240 SUITE 102
MORTENSEN AVE. FACILITY LEASE AT THE SALINAS
MUNICIPAL AIRPORT

RECOMMENDED MOTION:

A motion approving a resolution authorizing the Mayor or their designee to execute a facility lease between the City of Salinas and REACH Air Medical Services, LLC at the Salinas Municipal Airport.

RECOMMENDATION:

It is recommended that the City Council approve a resolution authorizing the Mayor or their designee to execute a facility lease between the City of Salinas and REACH Air Medical Services, LLC at the Salinas Municipal Airport.

BACKGROUND:

REACH Air Medical Services, LLC (Reach) is a long-term business tenant at the Salinas Municipal Airport. Reach provides air ambulance services to the Salinas Valley. Reach first entered a facility lease for 20 Mortensen Ave., with the City of Salinas for office space in the airport terminal in 2012. The Lease expired in 2022 and has remained in a month-to-month rental status to accommodate the desired ultimate leasing conditions. Reach desires to expand its crew quarter footprint by annexing the upstairs office space previously leased by the Bob Hoover Academy. The Bob Hoover Academy has vacated the space.

At the August 24, 2023, Airport Commission meeting, the Airport Commission recommended City Council approve a resolution authorizing the Mayor or their designee to execute a facility lease between the City of Salinas and REACH Air Medical Services, LLC at the Salinas Municipal Airport.

ANALYSIS:

Term

The lease provides one three-year initial term and three three-year option to renew the lease.

Space

1. Approximately 2,601 square feet of office space located on the second floor of the Airport Terminal building with the space address of 20A Mortensen Ave.
2. Approximately 400 square feet of office space located on the first floor of Building 240 Mortensen Ave with a Suite address of 102.
3. Two aircraft parking spaces, generally located by agreement, in the airport transient parking area.

Uses

The negotiated uses include current/existing uses only. Following the execution of the lease, the lessee may request to add additional uses through a lease amendment process. The following uses are included in the lease:

1. Operation of aerial medical transport service.
2. Crew Quarters for medical transport services.
3. Operation of offices for associated business purposes.
4. Short and long-term parking of aerial transport service aircraft.

Base Rent

1. The monthly rate for the building and land on the Demised Premise is equal to \$4,250 per month or \$51,000 per annum.
2. In addition to the Base Rent, Lessee shall pay for all water, gas, heat, light, power, telephone, sewage, garbage, and rubbish disposal, and all other services supplied to the Premises.

Escalator

The annual rent shall be increased by an amount equal to three percent (3%) of the annual rent in effect during the immediately preceding year.

At the August 24, 2023, Airport Commission meeting, the Airport Commission recommended that the City Council approve a resolution authorizing the Mayor or their designee to execute a facility lease between the City of Salinas and REACH Air Medical Services, LLC at the Salinas Municipal Airport.

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:

This action supports the City Council’s Strategic Plan Goals for Public Safety.

DEPARTMENTAL COORDINATION:

The City of Salinas Airport Facility Lease was reviewed as to form by the City Attorney.

FISCAL AND SUSTAINABILITY IMPACT:

Revenues from this lease will provide an annual positive impact to the Airport Enterprise Fund of \$51,000. Each year thereafter, the rent will be adjusted by a fixed three percent (3%) escalator. Over the term of this lease, a total positive impact of \$723,793.52 will be remitted to the Airport Enterprise Fund.

<u>Year</u>	<u>Monthly Rent</u>	<u>Annual Rent</u>
1	\$4,250.00	\$51,000.00
2	\$4,377.50	\$52,530.00
3	\$4,508.83	\$54,105.90
4	\$4,644.09	\$55,729.08
5	\$4,783.41	\$57,400.95
6	\$4,926.91	\$59,122.98
7	\$5,074.72	\$60,896.67
8	\$5,226.96	\$62,723.57
9	\$5,383.77	\$64,605.27
10	\$5,545.29	\$66,543.43
11	\$5,711.64	\$68,539.74
12	\$5,882.99	\$70,595.93

ATTACHMENTS:

Reach Air Medical Services, 20A & 240 Suite 102 Mortensen Ave. Facility Lease
Resolution