



**CITY OF SALINAS  
CITY COUNCIL STAFF REPORT**

---

**DATE:** JANUARY 9, 2024

**DEPARTMENT:** PUBLIC WORKS, AIRPORT DIVISION

**FROM:** DAVID JACOBS, PUBLIC WORKS DIRECTOR

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

**TITLE:** AT&T SERVICES INC., 445 AIRPORT BLVD. FACILITY LEASE  
AT THE SALINAS MUNICIPAL AIRPORT

RECOMMENDED MOTION:

A motion to approve a resolution approving a lease agreement with AT&T Services Inc., for the facility located at 445 Airport Blvd. Facility Lease at the Salinas Municipal Airport and authorizing the Mayor to execute the lease agreement on behalf of the City.

EXECUTIVE SUMMARY:

AT&T Services Inc. (AT&T) first entered into a facility lease between the City of Salinas for 445 Airport Blvd. in 2007. The lease expired on November 30, 2023. AT&T has been a good tenant, and the City of Salinas and AT&T have negotiated a 15-year agreement to continue AT&T's tenancy. Airport Staff recommends that the City Council approve the accompanying resolution and lease with the associated terms and conditions.

BACKGROUND:

AT&T is a long-term tenant of 445 Airport Blvd., located at the Salinas Municipal Airport. Their 2007 lease expired on November 30, 2023. AT&T desires to enter into a new lease to continue their tenancy. AT&T has been a good tenant, and the City Staff has negotiated the lease accompanying this report.

AT&T used the services of CBRE, a nationally recognized firm, to negotiate the lease. A primary concern for Airport Sponsors when negotiating leases is the Federal Aviation Administration (FAA) compliance measures such as the FAA Airport Compliance Manual - Order 5190.6B Airports and Federal Grant Assurances. Order 5190.6B sets forth policies and procedures for the FAA Airport Compliance Program. It provides basic guidance in interpreting and administering airport sponsors' various continuing commitments to the United States as a condition for the grant of federal funds or the conveyance of federal property for airport purposes. The Order discusses the obligations outlined in the standard airport sponsor assurances, addresses the application of the assurances in the operation of public-use airports, and facilitates interpretation of the assurances.

The lease accompanying this report has been reviewed against [grant assurances]: Federal Requirements, Preserving Rights and Powers, Consistency with Local Plans, Consideration of Local Interest, Consultation with Users, Operations and Maintenance, Compatible Land Use, Economic Nondiscrimination, [no] Exclusive Rights, Fee and Rental Structure, Airport Revenues, Airport Layout Plan, Civil Rights, and Disadvantaged Business Enterprises.

At the December 21, 2023, meeting, the Airport Commission recommended approval of the item, thereby advancing the AT&T Services Inc., 445 Airport Blvd. lease at the Salinas Municipal Airport, to the City Council for final approval.

**LEASE TERMS & CONDITIONS:**

*Proposed Transaction Terms:*

- **Premise:** Approximately 6,356 square feet of building  
Approximately 29,000 square feet of land
- **Uses:** AT&T shall have the right to use the Leased Premises to conduct AT&T's business. The historic uses include office space and storage space in conjunction with a communications company's field office. Storage of vehicles and equipment.
- **Original Term:** five years.
- **Options to Extend:** two five-year options.
- **Total Lease duration:** 15 years.
- **Rental Escalations:** 3.5% starting on the 3<sup>rd</sup> year.

- **Original Term Rental Schedule**

From	To	Monthly Rent	Annual Rent
12/1/2023	11/30/2024	\$7,945.00	\$95,340.00
12/1/2024	11/30/2025	\$7,945.00	\$95,340.00
12/1/2025	11/30/2026	\$8,223.08	\$98,676.90
12/1/2026	11/30/2027	\$8,510.88	\$102,130.59
12/1/2027	11/30/2028	\$8,808.76	\$105,705.16

- **Maintenance and Repair:** The maintenance and repair of the Premise is primarily the responsibility of AT&T. The City is responsible for the structural components of the building, such as the roof, foundation, and load-bearing components in the walls and ceiling. The City is also responsible for the maintenance of the green space areas.

CEQA/NEPA CONSIDERATION:

The City of Salinas has determined that the proposed action is statutorily exempt as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15268(a)).

STRATEGIC PLAN INITIATIVE:

This action supports the City Council's Strategic Plan Goals for Economic Development.

DEPARTMENTAL COORDINATION:

The Lease Agreement was reviewed as to form by the City Attorney.

FISCAL AND SUSTAINABILITY IMPACT:

AT&T will pay the Airport Enterprise Fund an annual base rent of \$95,340 following the approval of the Lease Amendment.

ATTACHMENTS:

AT&T Services Inc., 445 Airport Blvd. Facility Lease

Resolution - AT&T Services Inc., 445 Airport Blvd. Facility Lease