



CITY OF SALINAS

CITY COUNCIL STAFF REPORT

DATE: AUGUST 27, 2019

DEPARTMENT: PUBLIC WORKS, AIRPORT DIVISION

FROM: DAVID JACOBS, PUBLIC WORKS MANAGER

BY: BRETT J. GODOWN, AIRPORT MANAGER

TITLE: AMENDMENT NO. 1 TO THE LEASE BETWEEN THE CITY OF SALINAS AND SEATEC UNDERGROUND UTILITIES, INC. AT THE SALINAS MUNICIPAL AIRPORT

RECOMMENDED MOTION:

A motion to approve a resolution approving Amendment No. 1 to the ground lease between the City of Salinas and Seatec Underground Utilities, Inc. at the Salinas Municipal Airport.

RECOMMENDATION:

It is recommended City Council approve a resolution approving Amendment No. 1 to the ground lease between the City of Salinas and Seatec Underground Utilities, Inc. at the Salinas Municipal Airport.

BACKGROUND:

On September 28, 2016, Seatec Underground Utilities, Inc. (Seatec) entered into 50-year ground lease agreement with the City of Salinas for 1.174 acres of land located on the Salinas Airport at 467 Airport Blvd. Alan Bikle, President of Seatec desires to construct a 6,000 square foot (sq') aircraft storage hangar. In order to accommodate the 6,000 sq' hangar, additional land adjacent to the original Demised Premise (Lot D) is required. A new lot (D-1) adjacent to Lot D has been created to provide enough room to support the new hangar. Lot D-1, 0.244 acres of land (10,638 sq') is situated along the southern edge of Lot D. In order to allow Mr. Bikle to develop the property, the land must be included in his lease. Additionally, with the construction of this new hangar, the terms, conditions, and obligations set forth in Section 3 - Term, Paragraph C, Capital Improvement Contribution will be satisfied. Lastly, the development will require new ingress and egress routes for aircraft to access the new hangar along with additional automobile parking areas. The development is subject to new Stormwater provisions. The land addition, capital improvement provision, additional pavement areas, and Stormwater provisions have been memorialized in Amendment No. 1.

ANALYSIS:

Lease Terms:

Demised Premises:

The total demised premises encumbered by the ground lease will increase by 10,638 sq.' (0.244 acres) by incorporating Lot D-1. Exhibit A (Legal Description), and Exhibit B (Plat) are attached to this report.

Term:

Following the issuance of the Certificate of Occupancy by the City of Salinas for the new hangar construction, the terms, conditions, and obligations set forth in Section 3 - Term, Paragraph C, Capital Improvement Contribution shall be considered satisfied. No further contribution or action will be required by Lessee or Lessor.

Maintenance and Repair of Premises:

Two new paragraphs will be included in Section 6 – Repair and Maintenance of Premises. The new paragraphs identify maintenance and repair responsibilities for the storm water control measures and new pavement areas that will be built as part of the hangar construction.

Total Rent Due:

Following the issuance of the building permit from the City of Salinas to Lessee, provided the building permit is issued prior to next regularly scheduled rental adjustment on September 1, 2020, rent will be adjusted to \$0.3363 per square foot, which equals \$1,731.31 per month, or \$20,775.75 per annum.

Effective Date:

This Amendment will be effective as of September 1, 2019.

No Further Modifications:

All other provisions, including Rent Adjustments, will remain in full force as per the original lease.

Permit Process:

City ordinance allows this development to be administered through a Site Plan Review. Site Plan Reviews are intended to allow the City to review certain development plans for compliance with Salinas Zoning Regulations and other City ordinances. Site Plan Review streamlines the development review process by replacing costly and time-consuming Planning Commission and City Council reviews with administrative project review and approval by the Community Development Department. Once the Site Plan review is completed, Mr. Bikle will apply for a building permit from the City of Salinas Permit Center.

Airport Commission Recommendation:

At the July 25, 2019 Airport Commission meeting, the Airport Commission recommended City Council move to adopt a resolution approving the First Amendment to the ground lease between the City of Salinas and Seatec Underground Utilities Inc.

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 Diversity and Prosperity.

DEPARTMENTAL COORDINATION:

The City of Salinas Airport Facility Lease was reviewed as to form by the City Attorney. Community Development processed and approved the Site Plan Review (2019-004) application. Permit Services will coordinate the building permit process.

FISCAL AND SUSTAINABILITY IMPACT:

The execution of this amendment lease will result in a positive financial impact of \$3,577.00 per year to the Airport Enterprise Fund.

ATTACHMENTS:

First Amendment to the ground lease between the City of Salinas and Seatec Underground Utilities Inc.

Original Lease between the City of Salinas and Seatec Underground Utilities Inc.

Exhibit A – Lot D-1 Legal Description

Exhibit B – Lot D-1 Plat

FAA – Final Determination

Stormwater Control Plan Report and Operations & Maintenance (O&M) Plan

Resolution - Resolution approving Amendment No. 1 to the lease between the City of Salinas and Seatec Underground Utilities Inc. at the Salinas Municipal Airport