



CITY OF SALINAS

CITY COUNCIL STAFF REPORT

DATE: OCTOBER 12, 2021

DEPARTMENT: PUBLIC WORKS, AIRPORT DIVISION

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR

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

TITLE: HARTNELL COMMUNITY COLLEGE DISTRICT
AGRICULTURAL GROUND LEASE AT THE SALINAS
MUNICIPAL AIRPORT

RECOMMENDED MOTION:

A motion to approve the attached Resolution for a 12.2-acre Agricultural Ground Lease between the City of Salinas and Hartnell Community College District at the Salinas Municipal Airport.

RECOMMENDATION:

It is recommended that the City Council approve the attached Resolution for a 12.2-acre Agricultural Ground Lease between the City of Salinas and Hartnell Community College District at the Salinas Municipal Airport.

BACKGROUND:

In 1976, by way of Resolution No. 9227, Hartnell Community College District (HCCD), and the City of Salinas entered into a ground lease for 12.2 acres of land for agricultural purposes. The ground lease is further depicted in Exhibit B – Property Map of the ground lease (demised premise). Subsequent to the original 1976 ground lease, additional amendments and extensions were provided over time. This existing lease expired on June 30, 2021. The existing lease provides hold-over terms that allow HCCD to continue to occupy the Premise following the expiration of the Lease. HCCD desires to enter into a Ground facility lease for the same demised premise.

HCCD intends on using the demised premise for the same historic uses; these uses are further described in the analysis section of this report. HCCD has been a responsible and responsive tenant.

The existing Lease expired June 30, 2021. The Lease provides Hold-over terms that allow the tenant to remain on the premise while being subject to the same terms and conditions of the expired lease. The HCCD Governing Board approved the Lease and executed their approval on May 4, 2021. When entering into, and executing non-aeronautical leases, consideration should be given to whether or not the encumbrance of the land will prohibit the airport from meeting the

aeronautical demand. Considering the location, and availability of other non-encumbered land on the airport, it has been determined leasing the land for non-aeronautical uses will not prohibit the airport from meeting the future forecasted aeronautical needs during the term of this Lease.

At the August 5, 2021 Airport Commission meeting, the Airport Commission recommended City Council approve an Agricultural Ground Lease for 12.2 acres between the City of Salinas and Hartnell Community College District at the Salinas Municipal Airport.

The proposed lease is located on the main Airport parcel. Under the Surplus Lands Act, prior to any sale or lease of the property, the City Council must first declare the property in question to be either Surplus Land or Exempt Surplus Land. On September 28, 2021, the Salinas City Council adopted Resolution 22219 declaring that the main Airport parcel is Exempt Surplus Land. Therefore, the Salinas City Council is not required to take any further action under the Surplus Lands Act.

ANALYSIS:

The following briefly outlines the key terms of the proposed lease option agreement and term sheet with HCCD:

Premises

Approximately 12.21 acres (531,867 square feet) of unimproved ground located on the east side of the airport, outside of the airport operations area as depicted on Exhibit B – Property Map.

Permitted Uses of the Premises

1. Agricultural Farming and Horticultural Purposes.

Term

The Lease provides a period of five (5) years commencing on the Effective Date December 1, 2021 and ending November 30, 2026. One five-year option to renew the lease is provided following the expiration of the Original Term.

Base Rent

The monthly rate for the ground on the Demised Premise equals one thousand seventeen Dollars and No/100 (\$1,017.00) per month or twelve thousand two hundred four Dollars and No/100 (\$12,204.00) per annum (“Base Rent”).

Escalator

Pursuant to the Rental Schedule in Exhibit F, Commencing on the first anniversary of the Commencement Date and on each anniversary of the Commencement Date thereafter, the annual rent due under this Agreement shall be increased by an amount equal to three percent (3%) of the annual rent in effect during the immediately preceding year.

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 New Revenue and Operational Efficiencies.

DEPARTMENTAL COORDINATION:

The Lease was reviewed as to form by the City Attorney's Office. Facility Use, and Lease Negotiations were reviewed by the Economic Development Director.

FISCAL AND SUSTAINABILITY IMPACT:

Revenues from this lease will provide a positive impact to the Airport Enterprise Fund of \$12,204.00 during the first year of the lease.

ATTACHMENTS:

Hartnell Community College District Ground Lease
Resolution