



## **CITY OF SALINAS**

### **CITY COUNCIL STAFF REPORT**

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**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:** AVIATION SPECIALTIES UNLIMITED INCORPORATED 240 MORTENSEN AVENUE, SUITE 103, FACILITY LEASE AT THE SALINAS MUNICIPAL AIRPORT

#### **RECOMMENDED MOTION:**

A motion to approve the attached Resolution for a Facility Lease for 240 Mortensen Avenue, Suite 103, between the City of Salinas and Aviation Specialties Unlimited Incorporated at the Salinas Municipal Airport.

#### **RECOMMENDATION:**

It is recommended that the City Council approve a facility lease for 240 Mortensen Avenue, Suite 103, between the City of Salinas and Aviation Specialties Unlimited Incorporated at the Salinas Municipal Airport.

#### **BACKGROUND:**

In November of 2011, by way of Resolution No. 20121, Aviation Specialties Unlimited, Incorporated (ASU), and the City of Salinas entered into five-year facility lease for 240 Mortensen Avenue, Suite 103 (demised premise). ASU was provided one five-year option to extend the lease. This lease will expire in November 2021. ASU desires to enter into a new facility lease for the same demised premise.

ASU intends on using the demised premise for the same historic uses; these uses are further described in the analysis section of this report. ASU has been a model tenant, a true ambassador of aviation and the airport, and remains committed to serving the airport.

At the August 5, 2021 Airport Commission meeting, the Airport Commission recommended City Council approve a facility lease for 240 Mortensen Avenue, Suite 103, between the City of Salinas and ASU 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 ASU:

##### ***Premises***

Approximately 5,524 square feet of warehouse and office space (space 103) located on the first floor of the Building 240 Mortensen. Two aircraft parking spaces generally located by agreement in the airport transient parking area. Approximately 3,000 square feet of ramp space immediately attached to the northside of Building 240 Mortensen large hangar doors.

##### ***Permitted Uses of the Premises***

1. Aircraft fabrication, repair, and maintenance.
2. Aircraft Storage.
3. Aircraft Flight Instruction.
4. Business operations in connection with Aerobatic/Demonstration exhibitions.

##### ***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 Building and ground on the Demised Premise is equals One Thousand Three Hundred (\$1,300.00) per month or Fifteen Thousand Six Hundred Dollars and 68/100 (\$15,600.00) per annum ("Base Rent").

For years two and three of this Agreement, the monthly and annual rate for the Building and ground on the Demised Premise shall be equal to the assessed value as per Exhibit F, Rental Schedule, of this Agreement.

##### ***Escalator***

Pursuant to the Rental Schedule in Exhibit F, commencing on the fourth anniversary of the Effective Date and on each anniversary of the Effective Date thereafter, the annual rent due under this Agreement shall be increased by an amount equal 3 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 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 \$15,600.00 during the first year of the lease.

ATTACHMENTS:

Aviation Specialties Unlimited Incorporated Facility Lease  
Resolution