

City of Visalia Agenda Item Transmittal

Meeting Date: May 20, 2002

Agenda Item Number (Assigned by City Clerk): 9g

Agenda Item Wording: Second reading of Ordinance No. 2002-10 authorizing the lease of .6 acres of property at the Visalia Municipal Airport to the Darrell Tunnell Company, for \$583.17 per month, adjusted annually based on the California Consumer Price Index.

Deadline for Action:

Submitting Department: Community Services – Airport

Contact Name and Phone Number: Mario Cifuentez, II
Airport Superintendent, x4480

For action by:

- ☒ City Council
- ☐ Redev. Agency Bd.
- ☐ Cap. Impr. Corp.
- ☐ VPFA

For placement on which agenda:

- ☐ Work Session
- ☐ Closed Session
- Regular Session:
 - ☒ Consent Calendar
 - ☐ Regular Item
 - ☐ Public Hearing

Est. Time (Min.): _____

Department Recommendation and Summary:

Executive Summary:

City Staff recommends that Council authorize the City Manager to execute this lease agreement with the Darrell Tunnell Company. Mr. Tunnell currently operates the only maintenance facility at the airport and has been a tenant of the airport for over 15 years. The term of this lease is thirty (30) years. The lease rate will be \$583.17 per month, adjusted annually based on the Consumer Price Index.

Background:

The Darrell Tunnell Company has been operating at the Visalia Airport since 1987. Mr. Tunnell has recently purchased a hangar facility from WellBanks Aero. Rather than assign the old lease from WellBanks Aero to Darrell Tunnell Co., staff has recommended that this lease agreement be executed and replace the old agreement between the City and WellBanks Aero.

In 1986, Glen Wells and Ray Banks formed a partnership, WellBanks Aero, for the purpose of building two hangars and operating an aircraft maintenance and storage facility. Since that time, Mr. Banks has passed away and Mr. Wells is now retiring and has no desire to continue to run the operation. Since the Darrell Tunnell Co. has provided the maintenance services out of the facility since the beginning, he elected to purchase the facility and continue operating the facility. Mr. Tunnell has purchased the two hangars and all improvements. Additionally, Mr. Tunnell will be making approximately \$60,000 in needed improvements to the facility.

In accordance with the provisions of the FAA grant assurances, airport staff has negotiated a new lease agreement with Mr. Tunnell that assesses the property at the current land lease rate charged by the airport. The old lease agreement contained a lease rate that was below fair market value and CPI increases were only assessed every five years instead of annually, per the airport's current policy. The new lease rate will provide \$578.04 in additional

This document last revised: 5/7/02 3:30:00 PM

By author: Mario Cifuentez

File location and name: F:\WORDDATA\COUNCIL\Second reading of Tunnell Ordinance.doc

SORY

revenue the first year, but the annual CPI increases will consistently bring additional revenue to the airport enterprise fund.

The new lease agreement is a Standard Airport Ground Lease Agreement containing the same terms and conditions as all other agreements executed since 1995. The agreement has a thirty (30) year term. The Agreement cannot be assigned and can be terminated anytime during the term for the usual causes set forth in the agreement.

Executing this agreement means that the maintenance needs of our tenant aircraft will continue to be met in the future. Mr. Tunnell has provided quality aircraft maintenance for both transient and based aircraft for many years and currently maintains approximately 80 percent of our based aircraft.

All indications are that the number of based aircraft at the Visalia Airport will only continue to grow. The airport has experienced a 14% increase in based aircraft over the last five years. Executing these types of agreements and maintaining these services is essential to meeting the maintenance needs of our tenants.

Prior Council/Board Actions:

November 17, 1986 – Council approved the introduction of Ordinance 8622 authorizing the original lease of property to WellBanks Inc.

May 6, 2002 – Council approved the introduction of Ordinance 2002-10 authorizing the lease of this property to the Darrell Tunnell Co.

Committee/Commission Review and Actions:

The Airport Committee recommends Introduction of this ordinance and execution of the associated Lease Agreement.

Alternatives:

Attachments: Proposed Ordinance

City Manager Recommendation:



Recommended Motion (and Alternative Motions if expected): Move second reading of Ordinance No. 2002-10 authorizing the lease of .6 acres of property at the Visalia Municipal Airport to the Darrell Tunnell Company.