



REPORT TO THE CITY COUNCIL

AGENDA ITEM NO.	1 F
COUNCIL MEETING	02/28/13
APPROVED BY	
DEPARTMENT DIRECTOR	<i>[Signature]</i>
CITY MANAGER	<i>[Signature]</i>

February 28, 2013

FROM: KEVIN MEIKLE
Interim Director of Aviation

SUBJECT: ADOPT CEQA CATEGORICAL EXEMPTION PURSUANT TO GUIDELINES SECTION 15301 (EXISTING FACILITIES) TO AUTHORIZE AMENDMENT NO. 1 TO THE LEASE AGREEMENT WITH JOHN TOMAINO DBA AMERICAN HELICOPTERS AT FRESNO CHANDLER EXECUTIVE AIRPORT.

1. AUTHORIZE THE INTERIM DIRECTOR OF AVIATION TO EXECUTE AMENDMENT NO. 1 TO THE FRESNO CHANDLER EXECUTIVE AIRPORT LEASE AGREEMENT BETWEEN JOHN TOMAINO DBA AMERICAN HELICOPTERS AND THE CITY OF FRESNO TO EXTEND THE LEASE TERM AND OTHER RELATED CHANGES.

RECOMMENDATION

Adopt CEQA Categorical Exemption pursuant to Guidelines Section 15301 (Existing Facilities) to Authorize Amendment No. 1 to the Lease Agreement with John Tomaino dba American Helicopters at Fresno Chandler Executive Airport.

1. Authorize the Interim Director of Aviation to execute Amendment No. 1 to the Fresno Chandler Executive Airport (FCH) Lease Agreement (Lease) between John Tomaino dba American Helicopters and the City of Fresno to extend the lease term and other related changes.

EXECUTIVE SUMMARY

American Helicopters (Lessee) is a helicopter training and rental business that has been operating at FCH since September 2004. The Lessee desires to continue operating in their current location for at least three more years. Amendment No. 1 will, (i) extend the term through February 28, 2016, and (ii) establish annual rental adjustments in accordance with the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI). The current three-year Lease expires on February 28, 2013.

BACKGROUND

American Helicopters operates six helicopters and three fixed-wing aircraft from the subject large commercial hangar. Their operation includes flight training, charter services and helicopter rental. The facility also includes two state-of-the-art flight simulators, offices, dedicated classrooms, and a pilot's lounge. All flight operations are regulated by, and conducted in accordance with Federal Aviation Administration safety standards.

The current Lease required the Lessee to invest no less than \$36,000 for rehabilitation of the hangar facility in exchange for 36 months of rental-credit valued at (\$1,000) per month. The Lessee met that lease obligation and now desires to continue operating in the same location under a three year extension at an annual rent of \$12,000.00, which is fair market value and in accordance with the Lease terms. The rent will also be subject to

annual CPI adjustments. The tenant continues to be responsible for payment of insurance, property taxes and building maintenance (a triple net lease).

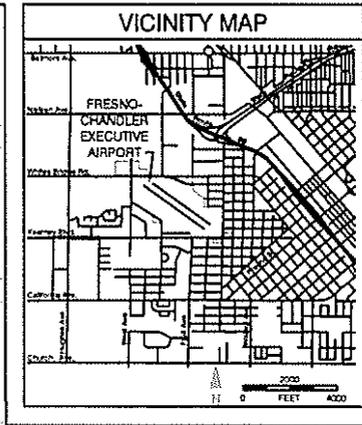
CEQA FINDING

Staff has performed a preliminary environmental assessment of this project and has determined that it falls within the Categorical Exemption set forth in CEQA Guideline Section, 15301, Existing Facilities, which exempts, the operation, repair, maintenance, leasing, licensing or minor alteration of existing structures involving little or no expansion of existing use. Furthermore, Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, Section 15300.2 apply to this project.

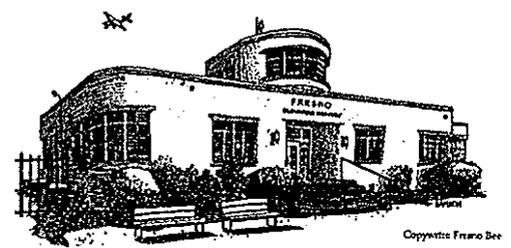
FISCAL IMPACT

The income from this Lease will be deposited into the FCH Enterprise Fund. There is no impact to the General Fund from this item.

Attachments: Site Plan
Amendment No. 1



LEASE LOCATION



AMERICAN HELICOPTERS LEASE EXHIBIT

This page intentionally left blank.

LEASE AMENDMENT NO. 1

to the

FRESNO CHANDLER EXECUTIVE AIRPORT
AIRPORT LEASE AGREEMENT

Between

CITY OF FRESNO, CALIFORNIA

And

JOHN TOMAINO AN INDIVIDUAL
D.B.A. AMERICAN HELICOPTERS

THIS LEASE AMENDMENT NO. 1 ("Amendment 1") is effective the 1st Day of March, 2013 by and between the CITY OF FRESNO, CALIFORNIA, a municipal corporation hereinafter referred to as "Lessor" and John Tomaino, an individual, doing business as American Helicopters,, located at 612 West Kearney Avenue, Fresno California 93706, hereinafter referred to as "LESSEE".

The Parties entered into a Fresno Chandler Executive Airport Lease Agreement dated March 1, 2010 (the "Agreement") covering a paved parcel of approximately 36,000 square feet including a 6,560 square foot hangar (Lease Lot No. FBO-6) at the Fresno Chandler Executive Airport.

The current term of the Agreement expires on February 28, 2013 and the parties desire to extend the Agreement.

The parties therefore agree as follows:

1. Article II, section A, "Term", of the Agreement is replaced and re-written to read as follows:

A. Term: The term of this Lease shall be for a period of Six (6) years, commencing March 1, 2010, hereinafter sometimes referred to as the "Commencement Date", and ending February 28, 2016 (the "Expiration Date").

a. Holding Over:

i. In the event Lessee shall remain in possession of the leased premises or any part thereof following the end of the life of this Lease, and thus hold over the term hereof with or without the express written consent of Lessor, such holding-over occupancy shall be a tenancy from month to month only, terminable by either party hereto upon service of a minimum of thirty (30) days advance written notice upon the other party.

ii. Rental During Holding Over Period: During the holding-over MONTH-TO-MONTH TENANCY period, Lessee shall pay to Lessor all rent required by this Agreement at the rates in effect as of the date immediately preceding the date on which such month-to-month tenancy commences

iii. Applicability of Lease Provisions: EXCEPT as otherwise specifically set forth within this Article, such holding over shall be subject to all of the terms, covenants, conditions, and provisions of this Lease applicable to a month-to-month tenancy

2. Article V, Section A, "RENTAL", subsection 1, "Rental" of the Agreement is replaced and re-written to read as follows:

1. Rental: Rent for the Premises shall be paid in advance on the first day of each and every month commencing March 1, 2013 and monthly thereafter, at the rate of one thousand dollars (\$1,000.00) per month.

a. Rent Adjustment: Annually, commencing March 1, 2014, then on March 1 each and every year thereafter, throughout THE TERM OF THIS LEASE including any available option or holding over periods, the amount of the monthly Base Rent and Utilities Rent to be paid to Lessor by Lessee shall be subject to increase. The increased amount will become the new Base Rent and Utilities Rent each year respectively and will be calculated as follows:

i. The Base Rent will increase by the same percentage as the percentage increase in the U.S. Department of Labor, Bureau of Labor Statistics (USDLBLS) Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (all items, U.S. city average) from January 1 to December 31 during the last full calendar year prior to the scheduled rent adjustment date. Should the index decrease in any given year, there shall be no adjustment to the rent. The amount of all such annual adjustments shall be determined in the manner illustrated within Exhibit "D" "Illustration Of Annual Rental Adjustment Computation", attached hereto and made a part hereof. LESSOR shall complete the "Annual Rental Adjustment Computation" worksheet and provide a copy of such worksheet to LESSEE, prior to the commencement of each Lease Year during THE LIFE OF THIS LEASE.

3. Exhibit "D" shall be added to the Agreement "Illustration of Annual Rental Adjustment Computation" which is marked as Exhibit "D" and dated 5/14/2012, a copy of which is attached hereto and incorporated herein by reference, (see paragraph 2. - 1.a.i. above).
4. Except as expressly provided in this Amendment 1, all other terms and provisions of the Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 1 as of the day and year first above written.

CITY OF FRESNO, CALIFORNIA
A Municipal Corporation

AMERICAN HELICOPTERS

By: _____
Kevin Meikle
Interim Director of Aviation

JOHN TOMAINO
DBA AMERICAN HELICOPTERS

By: _____

Address for Notice:
City of Fresno
Airports Department
4995 E. Clinton Way
Fresno, CA 93727

Title: _____

Address for Notice:

AMERICAN HELICOPTERS
612 West Kearney
Fresno, CA 93706

ATTEST:
Yvonne Spence, CMC
City Clerk

Phone (559) 240-1111

By: _____
Deputy

APPROVED AS TO FORM:
Francine M. Kanne
Interim City Attorney

By: _____
Robert C. Abrams
Deputy City Attorney

Exhibit "A" Plats And Descriptions Of Leased Premises
Exhibit "D" Example Rental Rate Adjustment Sheet



FRESNO YOSEMITE
INTERNATIONAL AIRPORT

NOTICE OF ANNUAL RENTAL ADJUSTMENT (Based on USDLBLS Consumer Price Index for Urban Wage Earners and Clerical Workers - ALL ITEMS, U.S. CITY AVERAGE)	FRESNO YOSEMITE INTERNATIONAL AIRPORT INTERDEPARTMENTAL USE AGREEMENT
---	--

5/14/2012 10:29

DATE: 5/14/2012 10:29

RE: PIE IN THE SKY AIR GROUP
 LEASE AND AGREEMENT

=====

ANNUAL RENTAL ADJUSTMENT COMPUTATION
 FOR LEASE YEAR COMMENCING:
 July 1, 2011

=====

The rental adjustment calculation shown to the right was completed in keeping with the intent of the agreement for Pie in the Sky Air Group at 1234 N. Airways, Fresno CA Interdepartmental Use Agreement

USDLBLS CPI - JAN-DEC., ___	2010	213.967 *
USDLBLS CPI - JAN-DEC.,	2011	221.575 *
AMOUNT OF CPI CHANGE	7.608
PERCENTAGE CPI CHANGE	3.5557%
CURRENT ANNUAL RENTAL	\$50,000.00
AMOUNT OF ADJUSTMENT	\$1,777.84

NEW MONTHLY RENTAL		
EFFECTIVE	July 1, 2011	\$51,777.84

=====

THE CITY OF FRESNO - AIRPORTS DEPARTMENT
 AND
 THE CITY OF FRESNO -
 DEPARTMENT OF PUBLIC UTILITIES - WATER DIVISION

EFFECTIVE July 1, 2011

ANNUAL RENTAL WILL BE: \$51,777.84

Prepared by: CITY OF FRESNO - AIRPORTS
 PROPERTIES SECTION
 4995 E. CLINTON WAY
 FRESNO, CA 93727-1504

TELEPHONE: (559) 621-4500

If you have any questions concerning this matter, please contact the undersigned at (559) 621-4511.

NOTES: * PER USDL/BLS

City of Fresno - Airports Administration