

**CITY OF FRESNO
AMENDMENT NO. 1 TO
INTERDEPARTMENTAL MEMORANDUM OF UNDERSTANDING
REGARDING THE USE OF POLICE AG FARM**

Between

AIRPORTS DEPARTMENT

And

FRESNO POLICE DEPARTMENT

This AMENDMENT NO. 1 TO INTERDEPARTMENTAL MEMORANDUM OF UNDERSTANDING ("Amendment No. 1") is entered into this 1st day of March, 2014, by and between the Airports Department, hereinafter referred to as "Airports" and the Fresno Police Department, hereinafter referred to as "Police," both of which are departments of the City of Fresno, a municipal corporation.

RECITALS

WHEREAS, the Airports and Police entered into a Interdepartmental Memorandum of Understanding ("Agreement") effective July 1, 2013, and

WHEREAS, Police desires to reduce certain leased space from the Description of Use Area covered by the Agreement from 22.72 acres to 16.87 acres, and

WHEREAS, Airports wishes to accommodate Police,

NOW, THEREFORE, in consideration of the premises and of the mutual promises herein, it is hereby agreed as follows:

1. Exhibits A and C of the Agreement are amended and replaced with Exhibit A and Exhibit C attached hereto.
2. The 254,761 square feet (5.85 acres) of space as shown on the Exhibit A attached hereto is removed from the Description of Use Area, thereby reducing the area of the Use Area to 734,857.2 square feet (16.87 acres).
3. The current rental rate shall remain unchanged at \$0.05 per square foot, resulting in a new Annual Rent of \$36,742.86 for fiscal year 2014. Article VI Section A of the Agreement shall be amended to read as follows:

A. ANNUAL RENT AND DUE DATE

The Fair Market Rent ("FMR") is defined as 10% of the Market Value of the Use Area is based on the Market Value of the adjacent property (DPU Leaky Acres). This adjacent property has the same use restrictions, zoning and property type and was determined to be \$.05 per square foot (\$21,729.86 per acre) by an appraisal performed by AGI Valuations and completed on June 8, 2012. Therefore, the 2013 Fair Market value of the 734,857.2 square feet of this Use Area is thus determined to be \$366,582.74, and the Fair Market Rent is \$36,742.86 per year.

In recognition of the significant increase resulting from the Fair Market Rent determination, there shall be a three-year phase-in to progressively increase the rental rates to FMR. To allow orderly budgeting and planning, the first phase of the increase will be effective July 1, 2014, followed by the second phase effective July 1, 2015, and the third phase effective July 1, 2016.

The Annual Rent will be determined by calculating the then-current, CPI adjusted Fair Market Rent each of the three phase-in years, using the initial Fair Market Rent of

\$36,742.86 as the base year. The initial assessed rental rate for July 1, 2013 will be the same rental rate as was assessed on July 1, 2012. The three years of phase-in of Fair Market Rent will consist of 1/3 of the increase of the CPI-adjusted base year Fair Market Rent plus the full amount of the previous year rent. The calculation is demonstrated in Exhibit "C".

4. Except as provided in this Amendment No. 1, the provisions of the "Agreement" as heretofore amended are unchanged.

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IN WITNESS WHEREOF, Airports and Police have entered into and executed this AMENDMENT NO. 1 TO INTERDEPARTMENTAL MEMORANDUM OF AGREEMENT as of the day and year first above written.

Airports Department

Fresno Police Department

By: 
Kevin R. Meikle,
Director of Aviation

By: 
Jerry Dyer,
Chief of Police

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

Address for Notice:
Fresno Police Department
Business Office
P.O. Box 1271
Fresno, CA 93721

ATTEST:
Yvonne Spence, CMC
City Clerk

By:  3/19/14
Deputy

APPROVED AS TO FORM:

Douglas T. Sloan
City Attorney

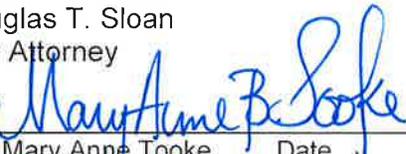
By:  March 3, 2014
Mary Anne Tooke Date
Deputy City Attorney

Exhibit "A" - Map of Use Area
Exhibit "C" - Example Notice of Annual Rental Adjustment/ Rental Schedule



**NOTICE OF ANNUAL RENTAL ADJUSTMENT
(Based on USDLBLS Consumer Price Index
for Urban Wage Earners and Clerical
Workers - ALL ITEMS, U.S. CITY AVERAGE)**

February 24, 2014 1:27 PM

RE: FRESNO POLICE DEPARTMENT
INTERDEPARTMENTAL USE AGREEMENT
USE OF AG FARM

The rental adjustment calculation shown to the right was completed in keeping with the intent of the lease for municipal well operations and maintenance on land owned by Fresno Yosemite International Airport,

between
THE CITY OF FRESNO - AIRPORTS DEPARTMENT
AND
THE CITY OF FRESNO
POLICE DEPARTMENT

EFFECTIVE: July 1, 2014

MONTHLY RENTAL WILL BE: \$3,123.14

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

Rick Duncan
Airports Properties Supervisor
City of Fresno, Department of Airports

**FRESNO YOSEMITE INTERNATIONAL AIRPORT
INTERDEPARTMENTAL USE AGREEMENT**

DATE: February 24, 2014 1:27 PM

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ANNUAL RENTAL ADJUSTMENT COMPUTATION
FOR LEASE YEAR COMMENCING:
July 1, 2014

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USDLBLS CPI - JAN-DEC.,	2012	226,229 *
USDLBLS CPI - JAN-DEC.,	2013	228,000 *
AMOUNT OF CPI CHANGE		1.8
PERCENTAGE CPI CHANGE		.....	0.7828%
SQUARE FOOTAGE		.....	734,857.20
CURRENT MONTHLY RENTAL		.....	\$3,061.91
CURRENT RENT P/SQ FT/YR		.....	0.05
AMOUNT OF ADJUSTMENT		.....	0.001
NEW MONTHLY RENTAL		.....	0.051
AMOUNT OF ADJUSTMENT		.....	\$61.24

NEW MONTHLY RENTAL		\$3,123.14
EFFECTIVE:	July 1, 2014	\$37,477.72

Prepared by:

CITY OF FRESNO
DEPARTMENT OF AIRPORTS
PROPERTIES SECTION
4995 EAST CLINTON WAY
FRESNO, CA 93727-1504

TELEPHONE: (559) 621-4500
FACSIMILE: (559) 251-4825

NOTES:

* PER USDL/BLS

Exhibit "C"

Fresno Police Department Ag Farm
Rental Schedule for FY14 – FY18

Assessed Rental Rate: Actual rental amount due for the identified Fiscal Year

Fair Market Value: Market Rental Rate of property plus the proportional increase of Consumer Price Index as calculated from the previous year(s) using FY14 and \$36,742.86 as the base.

In recognition of the significant increase resulting from the Fair Market Rent determination there shall be a three-year phase-in to progressively increase the rental rates to FMR. To allow orderly budgeting and planning, the first phase of the increase will be effective July 1, 2014, followed by the second phase effective July 1, 2015, and the third phase effective July 1, 2016.

	Rent Beginning	Fiscal Year	Fair Market Rental (FMR)	Assessed (actual) Rental Rate
A	July 1, 2013	FY14	\$36,742.86	\$14,820
B	July 1, 2014	FY15	FY14 FMR + CPI (2013 through 2014)	1/3 x (FY15 FMR – FY14 Assessed Rent) + FY14 Assessed Rent
C	July 1, 2015	FY16	FY15 FMR + CPI (2014 through 2015)	1/3 x (FY16 FMR – FY14 Assessed Rent) + FY15 Assessed Rent
D	July 1, 2016	FY17	FY16 FMR + CPI (2015 through 2016)	1/3 x (FY16 FMR – FY14 Assessed Rent) + FY15 Assessed Rent
E	July 1, 2017	FY18	FY17 FMR + CPI (2016 through 2017)	FY18 FMR
F	July 1, 2018+	Rental adjustments subsequent FY18 will be made annually as described in Article VI, Section B of the lease agreement.		

*Example: Rental Rate Increase FY14-FY19 **assuming** CPI increase remains steady at 2% per year.*

	CPI Rate	FMR	Assessed Rental Rate
FY14		\$ 36,742.86	\$ 14,820.00
FY15	2.0%	\$ 37,477.72	\$ 22,365.02
FY16	2.0%	\$ 38,227.27	\$ 27,647.15
FY17	2.0%	\$ 38,991.82	\$ 31,424.92
FY18	2.0%	\$ 39,771.65	\$ 39,771.65
FY19	2.0%	\$ 40,567.09	\$ 40,567.09