



Legislation Text

File #: 24-418, **Version:** 2

Report Prepared by: Karen Baker, Economic Development Associate, Merced Yosemite Regional Airport

SUBJECT: Rescind a Previously Approved Land Lease Agreement with Holding Pattern, LLC for Development of a Private Hangar on Approximately 10,000 Square Feet of Land at the Merced Yosemite Regional Airport and Approve a Proposed Land Lease Agreement with Holding Pattern, LLC, for a 70 x 70 Portion of the Subject Site to Build a 60' by 60' Hangar at the Merced Yosemite Regional Airport

REPORT IN BRIEF

Considers cancelling a previous Lease Agreement (30-year term with a 15-year option) with Holding Pattern, LLC for use of approximately 10,000 square feet located on the Merced Yosemite Regional Airport for development of a private aircraft hangar, and consider the terms contained in a new Land Lease Agreement using 4,900 square feet to build a 60' by 60' private aircraft hangar (30-year term with a 15-year option). If approved, the hangar would be constructed on a portion of Assessor Parcel Number 059-420-056.

RECOMMENDATION

City Council - Adopt a motion:

- A. Rescinding the previous Land Lease Agreement with Holding Pattern, LLC, for a use of approximately 10,000 square feet located on the Merced Yosemite Regional Airport (APN 059-420-056); and,
- B. Approving the terms of the new Land Lease Agreement with Holding Pattern, LLC, for 4,900 square feet (portion of APN 059-420-056); and,
- C. Applying the previously paid rent from the rescinded land lease to the new lease for the construction of a 60' by 60' hangar; and,
- D. Authorizing the City Manager or designee to execute the necessary documents and make minor adjustment to the Land Lease Agreement as needed (not effecting the leasing price)

ALTERNATIVES

- 1. Approve as recommended by Staff; or,
- 2. Approve subject to conditions as specified by the City Council; or,
- 3. Refer to staff for reconsideration of specific items as requested by the City Council; or,
- 4. Defer action until a specific date; or,
- 5. Deny the request.

AUTHORITY

Charter of the City of Merced, Section 200

CITY COUNCIL PRIORITIES

City of Merced adopted Budget Fiscal Year 2023-2024

DISCUSSION

The City of Merced owns property on the which the Merced Yosemite Regional Airport is operated and available for housing and storing aircraft. Holding Pattern, LLC initially wanted to construct an 80' by 80' hangar on 10,000 square feet of land for the storage of Holding Pattern, LLC owned aircraft. This item was approved by Council on February 16, 2021 (Attachment 1). Holding Pattern, LLC obtained approval for their building plan and from the fire inspector whose approval was contingent on passing a water flow test for fire prevention. It was determined that the water flow was not sufficient to meet requirements for an 80' by 80' hangar. With a desire to build a hangar at the Merced Yosemite Regional Airport, Holding Pattern, LLC would like to lease a 70' by 70' feet portion of the APN (totaling 4900 square feet) (Attachments 2, 3, and 4.)

Key Lease Terms

Notable term of the Lease Agreement include:

Parties:	Lessor:	City of Merced
	Lessee:	Holding Pattern, LLC

Premises

The subject site is 4,900 square feet of City-owned property located on the Merced Yosemite Regional Airport (See Attachment 1).

Rent

- A. \$ 0.31 per square foot for the Leased Premises annually for the first 10-years of the Lease (\$ 1,519.00);
- B. \$.38 per square foot for the Leased Premises annually for the second 10-year period of the Lease (years 11-20) (\$1862.00 annually);
- C. \$0.44 per square foot for the Leased Premises annually for the third 10-year period of the Lease (years 21-30) (\$2156.00 annually);

Term

Thirty (30) year lease with fifteen (15) year option.

Tenant Improvements

No tenant improvement allowance is included.

Utilities and Maintenance

Lease is triple net with Holding Pattern, LLC being responsible for all utilities and maintenance for the premises.

Assignment and Subletting

Lessee may assign its interest in this Lease with the prior written consent of the Lessor.

The Lessee is responsible for all costs related to the design and construction of the hangar including associated development and permit fees.

Previously Paid Rent

The client is requesting that the rent paid for the previously approved land lease be applied to the newly approved lease. Staff feels the request is reasonable and recommends the Council apply the past received rents to the lease for the 60' x 60' hangar.

IMPACT ON CITY RESOURCES

The rent revenue generated will be deposited into the Airport Revenue Account 60036500-417307.

ATTACHMENTS

1. Previous Lease with Holding Pattern, LLC.
2. New Lease with Holding Pattern, LLC
3. Location Map
4. Legal Description and Site Map