



## Legislation Text

---

**File #:** 19-485, **Version:** 1

---

*Report Prepared by: Karen Baker, Development Associate, Merced Visitor Services*

**SUBJECT:** Approval of an Agricultural Ground Lease Between the City of Merced and Fagundes Dairy for Use of Approximately Thirty-Five (35) Acres in and Around the Merced Airport Industrial Park with Rent Starting at \$ 5,250.00 per Year for a Term of Three (3) Years, with Annual Extensions by Mutual Agreement of Both Parties

### REPORT IN BRIEF

Considers a lease agreement (3-year term with annual extensions by mutual agreement of the parties) with Fagundes Dairy for use of approximately thirty-five (35) acres located in and around the Merced Airport Industrial Park.

### RECOMMENDATION

**City Council** - Adopt a motion approving the lease agreement between Fagundes Dairy and the City of Merced and authorizing the City Manager or the Assistant City Manager to execute all necessary documents.

### ALTERNATIVES

1. Approve as recommended; or,
2. Approve, subject to modifications as conditioned by Council; or,
3. Deny the request completely; or
4. Refer back to staff for reconsideration of specific items as requested by Council; or,
5. Continue item to a future Council meeting (date to be specified in City Council motion).

### AUTHORITY

Charter of the City of Merced, Section 200.

### CITY COUNCIL PRIORITIES

City of Merced adopted Budget Fiscal Year 2019-2020.

### DISCUSSION

The City of Merced owns property north and south of the runway located at Merced Regional Airport. The property was acquired to protect the takeoff and landing flight lines at the Merced Regional Airport from dense or incompatible land uses, and is zoned as Restricted Agriculture, A-1-20. Other than agriculture, land uses such as residential, commercial, and industrial are restricted, which is consistent with the Merced Airport Master Plan.

The Merced Regional Airport has had an agricultural ground lease with Fagundes Dairy, a local

ranching Family, for approximately 35 acres, currently farming alfalfa. Fagundes Dairy has indicated that they would like continue leasing the land from the City at the Airport they currently use, as described in Exhibit A of the proposed Lease (see Attachment 1).

Key Lease Terms: Notable term of the Lease Agreement include:

**Parties:**        Lessor:        City of Merced  
                     Lessee:        Fagundes Dairy

**Premises:**    The subject site is Thirty-Five (35) Acres of City-owned property located north of the Merced Regional Airport on Thornton Road. (See Exhibit A).

**Term:** Three (3) year lease with annual extension by agreement with both parties.

**Tenant**

**Improvements:** No tenant improvement allowance is included.

**Utilities and Maintenance:** Fagundes Dairy will be responsible for all utilities and maintenance for the premises. Lessee agrees to cut and remove all weeds each season and will take steps to control all pests and rodents as necessary.

**ASSIGNMENT and SUBLETTING:** Lessee is prohibited from assigning or subletting his interest in said premises.

**IMPACT ON CITY RESOURCES**

The rent revenue generated are deposited into the Airport Revenue Account 561-1303-352.03-05 and this rent revenue is included in the annual budget process.

**ATTACHMENTS**

1. Fagundes Dairy Lease Agreement