

COUNCIL AGENDA: June 3, 2014

SUBJECT: RENEWAL OF AIRPORT LEASE AGREEMENT – LOT 39

SOURCE: FINANCE DEPARTMENT – AIRPORT DIVISION

COMMENT: Mr. Ben Favrholt is the current leaseholder of Lot 39 at the Porterville Municipal Airport. The lease expires on August 31, 2014. We have received a request from Mr. Favrholt dated April 11, 2014, to renew his lease for a period of fifteen (15) years. This lot is approximately 4,200 square feet in area and will rent for a rate of \$0.286 per square foot with an annual adjustment according to the change in the Consumer Price Index. The Lease will begin on September 1, 2014 and expire on August 31, 2029.

RECOMMENDATION: That City Council approve the Lease Agreement between the City of Porterville and Mr. Ben Favrholt for Lot 39 at the Porterville Municipal Airport.

ATTACHMENT: Locator Map  
Letter from Mr. Favrholt requesting renewal  
Lease Agreement

D.D. MB Appropriated/Funded MB C.M. J Item No. 11

# AIRPORT LEASE SITES



44A 44B 44C

40	41	42	43
36	37	38	39



45  
46A 46B 46C 46D

35

A B C 34 D E F

33

32A B C

31C

31A 31B

30B

30A1 30A2 30A3

TAXIWAY

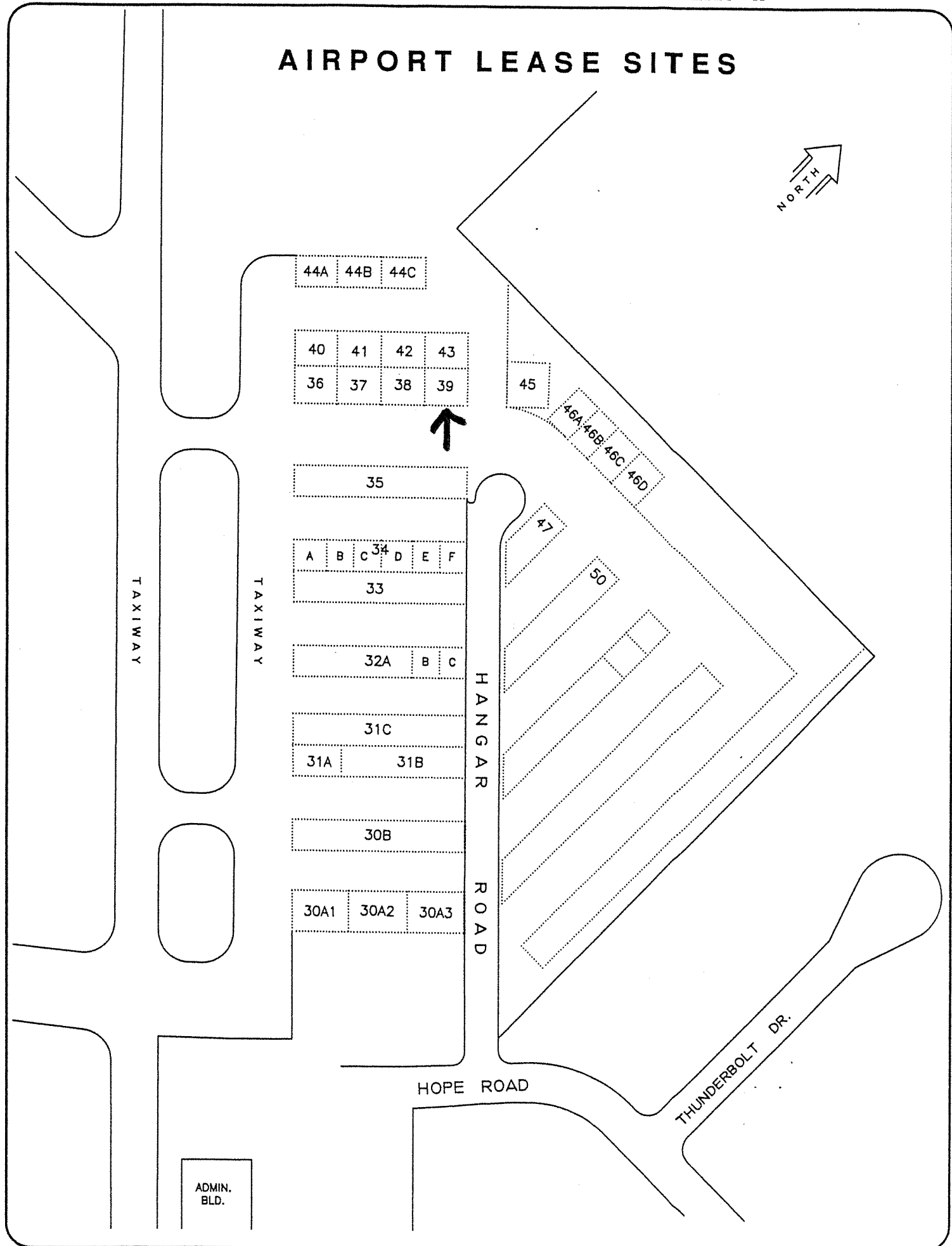
TAXIWAY

HANGAR  
ROAD

HOPE ROAD

THUNDERBOLT DR.

ADMIN.  
BLD.



BEN FAVRHOLDT  
757 W. PUTNAM AVE. #6  
PORTERVILLE, CA 93257

APRIL 11-2014

CITY OF PORTERVILLE

JANIE RODRIGUEZ

THIS LETTER IS MY REQUEST TO RENEW THE LAND LEASE IN  
MY NAME FOR LOT #39 AT THE PORTERVILLE AIRPORT

PLEASE LET ME KNOW WHEN THE LEASE IS APPROVED BY  
THE PORTERVILLE CITY COUNCIL

SINCERELY

*Ben Favrholdt*

## LEASE AGREEMENT

### PORTERVILLE MUNICIPAL AIRPORT

THIS LEASE AGREEMENT (“Lease”), executed at Porterville, California the first day of September, 2014, by and between the CITY OF PORTERVILLE, a charter city and municipal corporation of the State of California, hereinafter referred to as “City” and Ben Favrholdt, hereinafter referred to as “Lessee.”

WHEREAS, City owns and operates an airport in the City of Porterville, State of California, commonly known and described as “Porterville Municipal Airport”; and

WHEREAS, Lessee desires to lease a portion of said airport for the purpose of operating an existing aircraft hangar to be used for the parking and storage of aircraft and other activities incidental thereto; and

WHEREAS, it is the desire of City to utilize said airport for the general public by its development and use in providing aeronautical-related facilities and service.

NOW, THEREFORE, IT IS MUTUALLY AGREED as follows:

1. Premises: City, for and in consideration of the covenants, conditions, agreements, and stipulations herein set forth, does hereby demise and lease to Lessee, and Lessee hereby hires from City, those certain premises situated in the City of Porterville, State of California, described as Lot 39 at the Porterville Municipal Airport, more particularly described in Exhibit A being attached hereto and by this reference made a part hereof.

2. Term: The term of this Lease shall commence on September 1, 2014, both parties having executed the same, and shall terminate on August 31, 2029, provided Lessee is not in default with respect to any of the conditions or covenants of this lease.

3. Rental and Business Privilege Consideration: Lessee agrees to pay to City in lawful money of the United States without deductions or offset, to the Finance Director, City of Porterville, 291 N. Main Street, Porterville, California, 93257, or to such person or persons and at such place or places as may be designated from time to time by City, a rental rate of \$0.286 per square foot per year.

Inasmuch as the lease site (See Exhibit "A" attached) contains approximately 4,200 square feet of land area, said rental rate will be \$1,201.20 annually, or \$100.10 per month, payable in advance.

Beginning January 1, 2015, and each January 1 thereafter for the term of this Lease, the rate shall be adjusted by a percentage equal to the annual percentage increase or decrease in the Consumer Price Index (CPI). The CPI used shall be a twelve (12) month average of the San Francisco CPI and the Los Angeles CPI as published for October of the prior year. The CPI index will be "All Urban Consumers."

4. Purpose: This Lease is made for the purpose of operating an existing aircraft hangar to be used for the parking and storage of aircraft and other activities incidental thereto. Lessee shall not use the premises or any part thereof or permit them to be used for any purpose or purposes other than stated above. The City reserves the right to conduct on-site inspections for the purpose of compliance with Building Code, Fire Code, and Zoning Ordinance. Lessee shall not do or permit any act or thing to be done upon the premises which constitutes a nuisance or which may disturb the quiet enjoyment of City or any tenant of City on adjacent neighboring property.

Lessee further agrees that, within 72 hours from receiving written notice by the City that a nuisance exists, to abate or otherwise cause said nuisance to be cured.

In the event Lessee has not (a) taken corrective action within 72 hours, or (b) filed an appeal with the City Council, City of Porterville, within 72 hours, then City may enter and abate said nuisance at the expense of Lessee without any liability whatsoever to City for monetary loss or anticipated profits of Lessee or others.

Said appeal to the City Council must be made in writing and be received by the City Clerk, 291 N. Main Street, Porterville, California, 93257, within 72 hours after Lessee received notice of said nuisance.

5. Right of Ingress and Egress: Lessee shall have the right-of-way to property owned and controlled by City for ingress thereto and egress therefrom for pedestrian, vehicular, and air travel, together with the right to use in common with other Lessee or licensees of City the airplane landing field adjacent to the demised premises. None of these rights are exclusive, but shall be exercised in

common with and subject to possible similar rights of other users of said airport. All of the foregoing is subject to such reasonable rules and regulations as the City or its authorized agents may make from time to time. Such rules and regulations, however, shall be reasonable and shall not conflict in any way with similar rules and regulations adopted from time to time by the Federal Aviation Administration or its successor.

6. Condition of Premises: Lessee has inspected the demised premises and knows the extent and condition thereof and accepts same in its present condition, subject to and including all defects, latent and/or patent.

7. Alteration: Lessee shall make no structural modifications to existing structures or make permanent improvements or additions in or on the demised premises without the written consent of the City Airport Manager first being obtained.

8. Maintenance: Lessee agrees to keep the improvements in a good state of repair by periodic maintenance and painting as the same are required and to keep the grounds of Lessee in a good state of maintenance and repair. During the term of this Lease, the City Airport Manager shall have the right to notify Lessee in writing wherein Lessee has failed to maintain said structure and improvements in a good state of repair. Lessee shall make such corrections in the time and manner prescribed by said Airport Manager, or in the event Lessee disagrees, Lessee shall have the right to appeal within fifteen (15) days from date of notice from said Airport Manager to the City Council concerning the request for maintenance made to Lessee by said Airport Manager; it being understood and agreed that the decision of the City Council shall be final.

9. Utilities: Lessee agrees to pay during the term of the Lease, or any holding over, any and all utilities utilized by it to said demised premises. The term "utilities" as used herein shall include, but is not limited to, telephone, electrical, water, sewer, gas, janitorial, heating, cooling, and trash and refuse disposal service.

10. Utility Extension or Modification: Lessee shall pay any and all expenses that may be incurred in obtaining the extension of public utility services to the demised premises from existing utility facilities or any modifications of same.

11. Taxes and Assessments: Lessee understands that the Lease of the premises creates a

possessory interest subject to taxation by the County of Tulare. Lessee agrees to pay all taxes and /or assessments levied by any governmental agency upon any interest acquired by Lessee under the terms of this Lease.

12. Compliance with Law: Lessee shall, at its expense, promptly comply with any and all laws, ordinances, rules, regulations, requirements, and order whatever, present or future, of the national, state, county or city government which may in any way apply to the use, maintenance or occupation of, or operations on the premises.

13. Liens and Encumbrances: Lessee shall keep the premises and all structures and improvements situated thereon free from any liens or encumbrances arising out of any work performed, material furnished, or obligations incurred by Lessee, or from any other cause.

14. Negation of Partnership: City shall not become or be deemed a partner or joint venturer with Lessee or associate in any relationship with Lessee's operations thereon. City reserves all rights in and with respect to the premises, not inconsistent with Lessee's use of the premises as in this Lease provided, including (without limiting the generality of the foregoing) the right of City to enter upon the premises for the purpose of installing, using, maintaining, renewing, and replacing such underground oil, gas, water, sewer, and other pipelines, and such underground or aboveground telephone, telegraph, and electric power conduits or lines as City may deem desirable in connection with the development or use of any other property in the neighborhood of the premises. City shall compensate Lessee for any and all damage to Lessee's improvement and personal property caused by the exercise of the rights reserved in this paragraph.

15. Indemnification: Lessee agrees to indemnify, defend (upon request by the City) and save harmless the City, its agents, officers, and employees, and each of them, from any and all losses, costs, expenses, claims, liabilities, action, or damages, including liability for injuries to person or persons, or damage to property of third persons arising out of or in any way connected with (a) the conducting or operation of Lessee's business on the demised premises during the term of the Lease or any holding over, or (b) the construction or the removal of any facilities or improvements on the demised premises during the term of this Lease or any holding over.

16. Liability Insurance: Lessee, in order to protect the City, its agents, officers, and

employees against all claims and liability for death, injury, loss, and damage as a result of Lessee's (a) use and operations on the demised premises or in connection therewith, or (b) construction or removal of any improvements on the demised premises or in connection therewith, shall name the City as additional insured on Lessee's aircraft insurance policy or policies in the amount of not less than ONE MILLION DOLLARS (\$1,000,000). Coverage shall include General Liability combined Bodily Injury and Property Damage, Single Limits and Aggregate, with a reliable insurance carrier authorized to do such public liability and property damage insurance business in the State of California. Said insurance shall not be subject to cancellation or coverage reduction without thirty (30) days prior written notice to City. Within (10) days from the date of this Lease, Lessee shall file with the City Clerk, City of Porterville, a duly certified Certificate of Insurance evidencing that the herein above mentioned public liability and property damage provisions have been complied with, and setting forth that City, its agents, officers, and employees are named as additional insured. In the event that Lessee shall fail to take out and keep in effect such policy or to furnish evidence thereof to City, City may, at City's option, procure the same, pay the premium thereof and collect same with the next payment of rental due from Lessee or immediately terminate this Lease. The limits of insurance coverage set forth herein may be reviewed by City each January and may be adjusted at such reviews in order to protect the interests of the City.

17. Nondiscrimination: Lessee for itself, its heirs, personal representatives, successors in interest and assigns as part of the consideration hereof does hereby covenant and agree that (1) no person on the grounds of race, color, sex or national origin shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, sex, or national origin shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination; (3) that Lessee shall use the premises in compliance with other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally - Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations and/or services on a



fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge a fair, reasonable and not unjustly discriminatory price for each unit or service; provided that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or similar type of price reductions to volume purchasers.

In the event of breach of any of the above nondiscriminatory covenants, City shall have the right to terminate this Lease and to re-enter and repossess the demised premises and the facilities thereon and hold the same as if the Lease had never been made or issued.

Lessee agrees that it shall insert the above nondiscrimination provisions in any sublease or other agreement by which Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the premises herein leased.

18. Improvement of Land Area: City reserves the right to further develop or improve the landing area of the airport as it sees fit regardless of the desires or views of Lessee and without interference or hindrance.

19. Maintenance of Landing Area: City reserves the right to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport, together with the right to direct and control all activities of the Lessee in this regard; providing further, City shall keep and maintain in a safe and operable condition the taxiways, runways (including the lighting thereof) and roadways on the airport during such hours and to such extent as City may determine is reasonably required for the operation of the airport.

20. Lease Subordinate to Agreements with the United States Government: This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between the City and the United States relative to the development, operation or maintenance of the airport.

21. Non-Exclusive Right: It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 (a) of the Federal Aviation Act of 1958. (49 U.S.C. 1349).

22. Rights of United States Government: This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire,

affecting the control, operation, regulation, or taking over of said airport.

23. Notices: All notices herein provided to be given, or which may be given, by either party to the other shall be deemed to have been fully given when made in writing and deposited with the United States Postal Service, Registered or Certified, postage prepaid and addressed as follows:

To the Lessee: Ben Favrholdt  
757 W. Putnam Ave., Apt. 6  
Porterville, CA 93257

To the City: Airport Manager  
City of Porterville  
291 N. Main Street  
Porterville, CA 93257

The address to which the notices shall be or may be mailed, as aforesaid, to either party shall or may be changed by written notice given by such party to the other, as hereinbefore provided, but nothing herein contained shall preclude the giving of any such notice by personal service.

24. Authorized Agent of the City: The Airport Manager of the City of Porterville is the duly authorized agent of the City for purposes of this Lease; and as to any obligations assumed herein by Lessee, they shall be performed to the satisfaction of said Airport Manager.

25. Assignment and Subletting: This Lease shall be binding upon and shall inure to the benefit of the heirs, administrators, executors, successors, and assigns of the respective parties hereto. Lessee shall not, and Lessee herewith agrees that it will not, sublet the premises, or any part thereof or assign, transfer, mortgage, or otherwise convey the premises or its rights and interest hereunder without the prior written consent of the City. In the event the Lessee shall sublet, assign, transfer, mortgage, or otherwise convey the premises or its rights and interest hereunder, or any part thereof, or attempt to do so in violation to the foregoing provision, then in addition to any and all other rights and remedies available to it, the City may, at its option by written notice to Lessee, either declare such sublease, assignment, transfer, mortgage or other conveyance void or terminate this Lease and all rights and interest of Lessee and all other persons hereunder. Any consent by City to any sublease, assignment, transfer, mortgage, or conveyance shall not be deemed or construed as a

transfer, mortgage, or conveyance. This clause shall not be construed to limit right or remedy which City may become entitled to by reason of the action(s) or failure(s) to act of Lessee.

26. Hypothecation: Lessee may, with the consent of the City, give, assign, transfer, mortgage, hypothecate, grant control of, or encumber Lessee's interest under this Lease and the leasehold estate so created to a bona-fide lender on the security of the leasehold estate. Any such bona-fide lender shall have the right at any time during the term of the loan and while this Lease is in full force and effect:

(a) To do any act or thing required of Lessee in order to prevent a forfeiture of Lessee's rights hereunder, and all such acts or things so done shall be as effective to prevent a forfeiture of Lessee's rights hereunder by Lessee.

(b) To succeed to the interest of Lessee hereunder and thereafter at such lender's option to convey, assign or sublease the interest or title to said leasehold estate to another person acceptable to City, subject to all the terms, conditions, and covenants of this Lease. Two (2) copies of any and all security devices or instruments shall be filed with City's Airport Manager prior to the effective date thereof, and Lessee shall give Airport Manager prior written notice of any changes or amendments thereto.

Any bona-fide lender shall have the right, if so permitted by the terms and conditions of the concerned instrument of hypothecation between lender and Lessee, to remove any or all of Lessee's improvements under said hypothecation from the demised premises, subject only to the restriction that in the event of such removal, the demised premises herein above described be restored by Lessee to a condition satisfactory to the City's Airport Manager, and that said removal be done in a manner and at a time satisfactory with said Airport Manager.

27. Breach by Lessee: In the event of the breach by Lessee of any term, condition, or agreement herein contained, and the failure to cure such breach within thirty (30) days after written notice has been given to Lessee by City, this Lease and all privileges herein granted shall be terminated and be of no other force or effect, and Lessee shall immediately surrender possession of the premises hereby granted, and in the event City has to resort to legal action to enforce any provision hereof, or to obtain restitution hereunder, the Lessee shall pay all costs and expenses, including attorney's fees of

such action. Providing further, that in the event Lessee breaches this Lease and abandons the demised premises before the end of the term, or if Lessee's right to possession is terminated by City because of a breach of this Lease, City shall have the right to recover from Lessee, as provided in State of California Civil Code Section 1951.2. Damages City may recover shall include the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that the Lessee proves could be reasonably avoided. This clause shall not be construed to limit any right or remedy which City may become entitled to by reason of the action(s) or failure(s) to act of Lessee.

28. Waiver of Breach: The waiver by City of any breach by Lessee of any provision contained herein shall not be deemed to be a waiver of such provision, or a waiver of any breach of any other provision contained herein.

29. Bankruptcy: In the event the (a) Lessee shall file a voluntary petition in bankruptcy proceeding; (b) any voluntary or involuntary proceeding for the reorganization of Lessee shall be instituted by anyone other than the City under any of the provisions of the bankruptcy laws of the United States; or (c) a receiver or judicial trustee or custodian shall be appointed for Lessee, or any alien or any writ of attachment, garnishment, execution, or distraint shall be levied upon any of Lessee's rights or interest under this Lease; or (d) there shall be any other assignment of any of Lessee's rights or interest under this Lease by operation of law, then in addition to any and all other rights and remedies available to it, City may, at its option by written notice to Lessee, terminate this Lease and all rights and interest of Lessee and all other persons under this Lease. The term "Lessee," as used in this paragraph, includes any individual, partnership, or corporation who is a Lessee hereunder, even though several individuals, partnerships, or corporations are such, and includes each partner of any partnership who is a Lessee hereunder. Any consent by City to any sublease, assignment, transfer, mortgage, or conveyance shall not be deemed or construed as a consent to any other different or subsequent sublease, assignment, transfer, mortgage, or conveyance.

30. Quiet Possession: Notwithstanding any other provision in this Lease, City covenants that Lessee, on paying the rent and performing the covenants herein contained, shall and may peaceably and quietly have and enjoy the demised premises for the term hereof.

31. Surrender of Premises: On the last day of said term, or extension thereof, or sooner termination of the Lease, Lessee will peaceably and quietly leave, surrender, and yield up to the City the demised premises in as good condition and repair as at the commencement of Lessee's occupancy, reasonable use and wear thereof, and damage by earthquake, public calamity, by the elements, by acts of God, or by fire or other circumstances over which Lessee has no control, excepted.

32. Removal of Improvement at Termination: Upon the termination of this Lease, or any holding over, for any reason other than Lessee's failure to perform its obligations under the terms and conditions of this Lease, Lessee shall have the right at Lessee's sole cost and expense, to remove all improvements and/or furniture, furnishings, equipment, and fixtures of whatsoever kind or nature placed of the demised premises by Lessee or its contractors so long as they could be removed without damage or disfigurement to the demised premises. Full restoration of the demised premises as it existed prior to the construction of said improvements or the installation of said furniture, furnishings, equipment, and fixtures shall be made by Lessee. If after the termination of this Lease Lessee has not removed said improvements, furniture, furnishings, equipment, and fixtures, the City shall have the option to claim the ownership thereof or to remove same and restore the demised premises as set forth above at the expense of Lessee. Said expense shall also include consideration for the additional time Lessee or its improvements occupy the premises beyond the termination date and disallow the City's total utilization of the premises pursuant to its ownership of the property.

In the event of a termination by City of this Lease because of Lessee's failure to faithfully perform the terms and conditions of this Lease, the City may accept cash or other satisfactory security for the amount of its costs, expense, loss and damage accruing from Lessee's failure to perform and thereupon the Lessee shall have the right to remove the said improvements.

33. Incorporation of Prior Agreements and Amendments: This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of modification.

34. Severability: The invalidity of any provision of this Lease as determined by a Court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

35. Construed Pursuant to California Law: The parties hereto agree that the provisions of this Lease will be construed pursuant to the laws of the State of California.

36. Venue: If either Lessee or City initiates an action to enforce the terms hereof or declare rights hereunder, including actions on any bonds and/or surety agreements, the parties agree that the venue thereof shall be the County of Tulare, State of California. Lessee hereby waives any rights he might have to remove any such action pursuant to California Code of Civil Procedure Section 394.

37. Covenants and Conditions: Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

38. Captions: The use of Paragraph headings in this Lease is solely for convenience, and they shall be wholly disregarded in the construction of this Lease.

39. Time of Essence: Time is hereby expressly declared to be the essence of this Lease and of each and every provision thereof, and each such provision is hereby made and declared to be a material, necessary, and essential part of this Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease on the day and year first herein above written.

CITY OF PORTERVILLE

LESSEE

By: \_\_\_\_\_  
Cameron J. Hamilton, Mayor

By: Ben Favrholt  
Ben Favrholt

ATTEST:

By: \_\_\_\_\_  
John D. Lollis, City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Julia Lew, City Attorney