

TO: James L. App, City Manager
FROM: Meg Williamson, Assistant City Manager
SUBJECT: Bid Notice - Long Term Lease - Airport
DATE: July 15, 2008

NEEDS: For the City Council to authorize publication of a notice inviting bids for the long-term lease of property located at 3077 Rollie Gates Drive, and to approve the proposed criteria for evaluating submittals.

- FACTS:**
1. The airport lease parcel at 3077 Rollie Gates Drive, currently under long-term lease to RMB&B Joint Real Estate Venture, occupied by Specialty Silicone Fabricators, will expire November 14, 2026.
 2. The lessee is a major employer and significant contributor to the City's economic base as it provides almost 250 jobs to the local area.
 3. In order to facilitate a major expansion of its manufacturing facilities, RMB&B has submitted a proposal to the City for the long-term lease of up to 99 years of the subject parcel.
 4. Prior to entering into a lease for at term of more than 55 years, the City must publish a notice inviting bids to determine which lease proposal would offer the greatest economic return to the City.
 6. The City's 2004 Airport Master Plan provides for a broad range of services and commerce that are both aviation and non-aviation related. The subject parcel at 3077 Rollie Gates Drive is located in a sector of the airport identified for non-aviation development.
 7. Based on the industrial business park setting of the Paso Robles Airport and the City Council's adopted vision for its development as a regional airport which supports and promotes economic development, the suggested factors to be considered by the City in evaluating any lease proposals are:
 - Either expansion of the existing improvements on the property, or demolition of existing improvements and construction of new improvements on the property containing 90,000 square feet, or more;
 - The number, income level and type of full-time employees anticipated to be working on the property;
 - Whether the proposed use of the improvements on the property is consistent or compatible with other uses on the Airport;
 - The amount of rent to be paid over the term of the lease.

8. Because there is an existing lease in place for this parcel, any proposal from a party other than the current tenant or an affiliate must include a provision to buy out the lease of the current tenant on the property, as well as pay relocation costs.
9. Pursuant to Government Code section 37380, a notice inviting bids must be published once in a newspaper of general circulation in the city. After proposals have been received, they will be reviewed in the context of the weighted factors of business/economic benefit as stated in the request for proposal and the successful bidder will be recommended for the lease. The City must publish a notice setting a public hearing on the proposed lease, which must be adopted by ordinance.

ANALYSIS &

CONCLUSION: The long-term viability of the Airport Industrial Park is essential to support the Airport as a regional air facility. The proposed long-term use for the property is consistent with the Airport Master Plan and related Airport planning guidelines. The proposed increase in lease length provides the necessary assurances of a secure future for the tenant and the City. The process to invite open bids for the extended lease term will assure compliance with the Government Code and that open and purposeful review of economic return is properly considered.

POLICY

REFERENCE: Government Code Section 37380; City Economic Strategy; Airport Vision and Leasing Policy

FISCAL

IMPACT: Sustained rental income from the leased property with an increase in economic investment to the airport industrial park through expansion and retention of Paso Robles business.

OPTIONS:

- a. For the City Council to adopt the attached resolution directing staff to publish a notice inviting bids for the long-term lease of up to 99 years for the property located at 3077 Rollie Gates Drive and approving the proposed criteria for evaluating submittals;
- b. Amend, modify or reject the above option.

Attachments:

1. Resolution directing publication of notice inviting bids

RESOLUTION NO. 08- _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
AUTHORIZING PUBLICATION OF A NOTICE INVITING BIDS
FOR THE LONG-TERM LEASE OF PROPERTY
(3077 Rollie Gates Drive, Paso Robles, California)

WHEREAS, the airport lease parcel at 3077 Rollie Gates Drive, currently under long-term lease to RMB&B Joint Real Estate Venture, occupied by Specialty Silicone Fabricators, will expire November 14, 2026; and

WHEREAS, the lessee is a major employer and significant contributor to the City's economic base as it provides almost 250 jobs to the local area; and

WHEREAS, in order to facilitate a major expansion of its manufacturing facilities, RMB&B has submitted a proposal to the City for the long-term lease of up to 99 years of the subject parcel; and

WHEREAS, prior to entering into a lease with a term of more than 55 years, the City must publish a notice inviting bids to determine which lease proposal would offer the greatest economic return to the City; and

WHEREAS, the City's 2004 Airport Master Plan provides for a broad range of services and commerce that are both aviation and non-aviation related, and the subject parcel is located in a sector of the airport identified for non-aviation development; and

WHEREAS, because there is an existing lease in place for this parcel, any proposal from a party other than the current tenant or an affiliate must include a provision to buy out the lease of the current tenant on the property, as well as pay relocation costs; and

WHEREAS, pursuant to Government Code section 37380, a notice inviting bids must be published once in a newspaper of general circulation in the city and after proposals have been received, they will be reviewed in the context of the weighted factors of business/economic benefit as stated in the request for proposal and the successful bidder will be recommended for the lease; and

WHEREAS, the City must publish a notice setting a public hearing on the proposed lease, which must be adopted by ordinance; and

WHEREAS, the subject lease site is located in the industrial business park setting of the Paso Robles Airport and the City Council's adopted vision for its development as a regional airport supports and promotes economic development.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of El Paso de Robles, that the City Manager is authorized to publish a notice inviting bids for the long-term lease of property located at 3077 Rollie Gates Drive; and

BE IT FURTHER RESOLVED by the City Council of the City of El Paso de Robles that the factors to be used for evaluating lease proposals are to include, but are not limited to:

1. Either expansion of the existing improvements on the property, or demolition of existing improvements and construction of new improvements on the property containing 90,000 square feet, or more;
2. The number, income level and type of full-time employees anticipated to be working on the property;
3. Whether the proposed use of the improvements on the property is consistent or compatible with other uses on the Airport;
4. The amount of rent to be paid over the term of the lease.

PASSED AND ADOPTED this 15th day of July 2008, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank R. Mecham, Mayor

Attest:

Deborah Robinson, Deputy City Clerk