

RESOLUTION NO. 2023-117

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA  
AMENDING A LEASE AGREEMENT BETWEEN THE CITY OF MARINA AND  
UNINSURED SKYDIVE MONTEREY BAY, INC. dba SKYDIVE MONTEREY  
BAY EXPANDING THE LEASEHOLD WITHIN 721 NEESON ROAD  
(BUILDING 533) AT THE MARINA MUNICIPAL AIRPORT, AND  
AUTHORIZING THE CITY MANAGER TO EXECUTE THE LEASE  
AGREEMENT ON BEHALF OF THE CITY, SUBJECT TO FINAL REVIEW AND  
APPROVAL BY CITY ATTORNEY

WHEREAS, on June 7, 2022, the City Council considered and approved a new lease agreement with Skydive Monterey Bay for a portion of 721 Neeson Road (Building 533). The Lease Agreement included a total of 9,097 square feet of the 33,800 square foot building; and,

WHEREAS, Skydive Monterey Bay has expressed interest in expanding its lease area to accommodate growth in their business, additional company planes, skydive instruction area, maintenance area and potential flight instruction and other aviation related uses. The request is to lease the entire first floor of 24,500 square feet and have first right of refusal for the small non accessible spaces in the wings on the second floor; and,

WHEREAS, the terms for the lease amendment that have been agreed to include:

- Rate starting at \$.30 per square foot (\$7,350 per month) and increasing by 2.5% annually.
- Lease area of 24,500 square feet, which includes 19,500 square feet of hangar space and 5,000 square feet of office/storage/shop space.
- Skydive Monterey Bay has the option/first right of refusal for each of the four upstairs suites, which total 10,500 square feet. Skydive Monterey Bay will pay \$25 per month for each of the four upstairs suites (\$100 per month total).
  - Skydive Monterey Bay may not utilize the upstairs space for any purpose without first notifying the City that it wishes to exercise its option to utilize any of the upstairs suites.
  - If Skydive Monterey Bay wishes to exercise an option, the parties will meet and confer regarding the use(s) proposed for the space and responsibilities of each party for any improvements that may be necessary.
  - If the City receives a viable offer to rent the space as is from another entity, Skydive Monterey Bay would have first right of refusal.
- The term of the lease will be 10 years with a 5-year tenant option to extend.
- Skydive agrees to get concurrence from Airport for all Tenant Improvements and obtain required building permits.
- Skydive will be responsible for all building utilities and shall place them in the businesses name.
- Skydive will be responsible for the custodial services in the building.
- All other lease terms of the current lease remain the same.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Marina does hereby:

1. Approve amending a Lease Agreement between the City of Marina and Uninsured Skydive Monterey Bay, Inc. dba Skydive Monterey Bay. for a portion of 721 Neeson Road (Building 533) at the Marina Municipal Airport; and

2. Authorize the City Manager to execute the Lease Agreement, on behalf of the City, subject to final review and approval by City Attorney.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 21<sup>st</sup> day of November 2023, by the following vote:

AYES, COUNCIL MEMBERS: Visscher, McCarthy, Biala, Medina Dirksen, Delgado

NOES, COUNCIL MEMBERS: None

ABSENT, COUNCIL MEMBERS: None

ABSTAIN, COUNCIL MEMBERS: None

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Bruce C. Delgado, Mayor

ATTEST:

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Anita Sharp, Deputy City Clerk

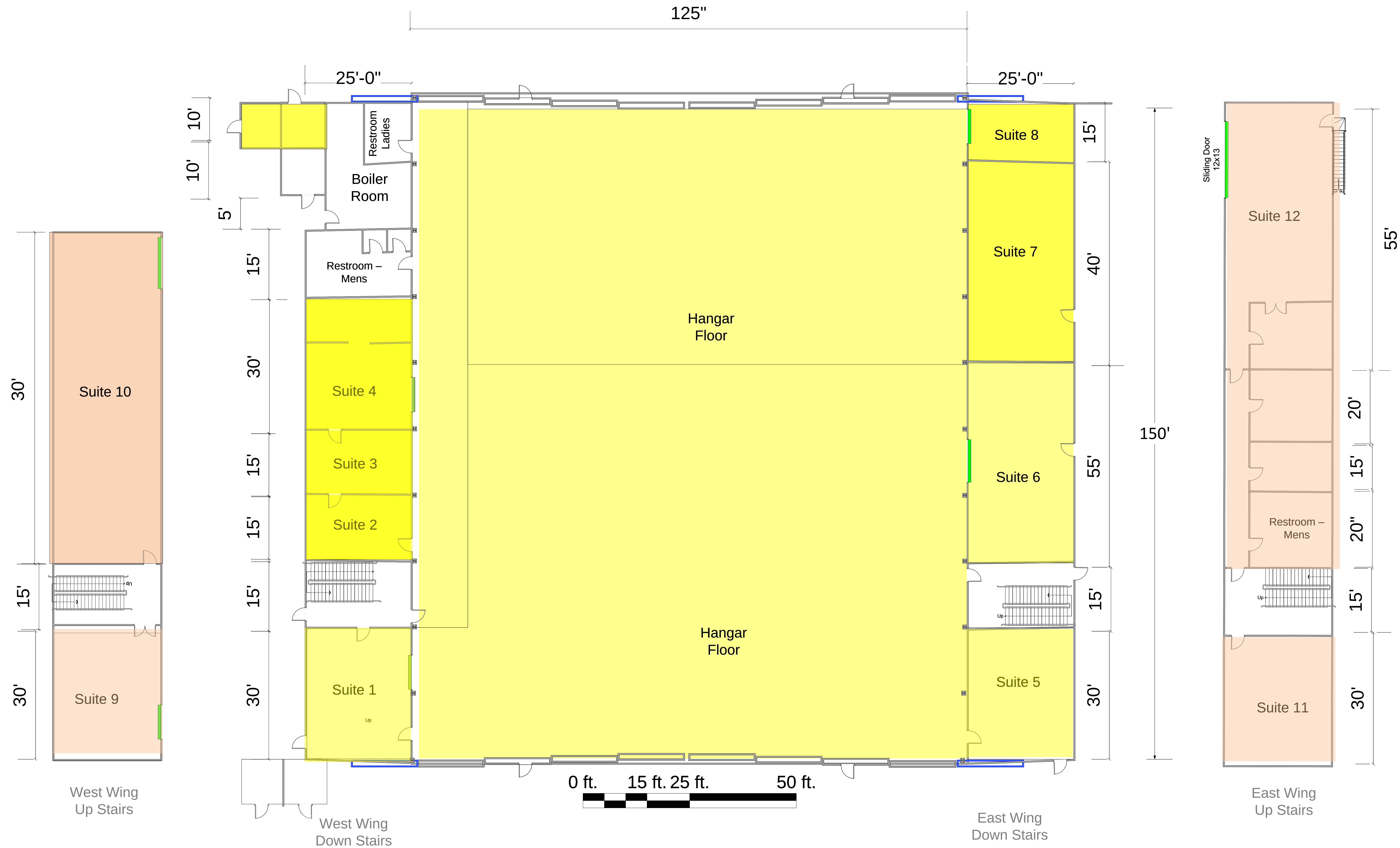
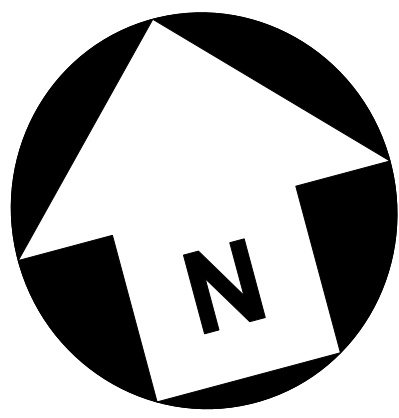
## Exhibit A





Hangar – Building 533

721 Neesan Rd.,Marina, CA. 93933



**Building Notes:**

- 1. Current Building Power 3Φ 208V 400A
- 2. 2<sup>nd</sup> floor is not ADA compliant
- 3. All Bathrooms except for #1 is not ADA compliant
- 4. Floor - broken asbestos tile glue and window putty
- 5. All window sealant will need to be replaced
- 6. No Heat in building



November 13, 2023

Item No: **10g(2)**

Honorable Mayor and Members  
of the Marina City Council

City Council Meeting  
of November 21, 2023

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2023-,  
AMENDING A LEASE AGREEMENT BETWEEN THE CITY OF  
MARINA AND UNINSURED SKYDIVE MONTEREY BAY, INC. dba  
SKYDIVE MONTEREY BAY EXPANDING THE LEASEHOLD WITHIN  
721 NEESON ROAD (BUILDING 533) AT THE MARINA MUNICIPAL  
AIRPORT, AND AUTHORIZING THE CITY MANAGER TO EXECUTE  
THE LEASE AGREEMENT ON BEHALF OF THE CITY, SUBJECT TO  
FINAL REVIEW AND APPROVAL BY CITY ATTORNEY**

**REQUEST:**

It is requested that the City Council consider:

1. Adopting Resolution No. 2023-, amending a Lease Agreement between the City of Marina and Uninsured Skydive Monterey Bay, Inc. dba Skydive Monterey Bay. for a portion of 721 Neeson Road (Building 533) at the Marina Municipal Airport; and
2. Authorizing the City Manager to execute the Lease Agreement, on behalf of the City, subject to final review and approval by City Attorney.

**BACKGROUND:**

On June 7, 2022, the City Council considered and approved a new lease agreement with Skydive Monterey Bay for a portion of 721 Neeson Road (Building 533). The Lease Agreement included a total of 9,097 square feet of the 33,800 square foot building. The lease area is made up of 6,845 square feet of hangar floor space and 3,132 square feet of office and storage space. The base term of the lease is 10 years with one conditional option to extend another five years. Rent began at the market rate base rent, which was set by the Airport Rent Study in 2020 (\$.28 per square foot). Rent increases annually by two and one-half percent (2.5%).

**ANALYSIS:**

Skydive Monterey Bay has expressed interest in expanding its lease area to accommodate growth in their business, additional company planes, skydive instruction area, maintenance area and potential flight instruction and other aviation related uses. Generally, the request is to lease the entire first floor of 24,500 square feet and have first right of refusal for the small non accessible spaces in the wings on the second floor. The terms that have been agreed to include:

- Rate starting at \$.30 per square foot (\$7,350 per month) and increasing by 2.5% annually.
- Lease area of 24,500 square feet, which includes 19,500 square feet of hangar space and 5,000 square feet of office/storage/shop space.
- Skydive Monterey Bay has the option/first right of refusal for each of the four upstairs suites, which total 10,500 square feet. Skydive Monterey Bay will pay \$25 per month for each of the four upstairs suites (\$100 per month total).
  - Skydive Monterey Bay may not utilize the upstairs space for any purpose without first notifying the City that it wishes to exercise its option to utilize any of the upstairs suites.

- If Skydive Monterey Bay wishes to exercise an option, the parties will meet and confer regarding the use(s) proposed for the space and responsibilities of each party for any improvements that may be necessary.
- If the City receives a viable offer to rent the space as is from another entity, Skydive Monterey Bay would have first right of refusal. The airport will not be marketing the space in its current non-ADA accessible or code compliant condition.
- The term of the lease will be 10 years with a 5-year tenant option to extend.
- Skydive agrees to get concurrence from Airport for all Tenant Improvements and obtain required building permits.
- Skydive will be responsible for all building utilities and shall place them in the businesses name.
- Skydive will be responsible for the custodial services in the building.
- All other lease terms of the current lease remain the same.

Building 533 is a steel framed structure with corrugated metal siding; a large central hangar bay (approximately 130 feet wide, 150 feet long) with sliding doors at each end (facing northwest and southeast); door clearance height of 35-40 feet; and two-story storage or office and restroom space along both sides of the hangar bay. The building is noncompliant with the Americans with Disabilities Act (“ADA”) The total interior space of the building consists of approximately 35,000 square feet including 19,500 square feet of the hangar bay floor. The upstairs suites in the wings of the building total 10,500 square feet.

The proposed Lease Agreement would include a total approximate 24,500 square feet, including 19,500 square feet of hangar floor space and 5,000 square feet of office and storage space as depicted on **EXHIBIT B-1** to the attached lease amendment. Also as depicted on Exhibit B-1, the upstairs non-ADA compliant spaces are included in the lease as an option that Skydive Monterey Bay may exercise at any time. The lease continues to provide for the nonexclusive use of 20 parking spaces as shown on **EXHIBIT A** to the lease.

#### **FISCAL IMPACT:**

The current annual rent revenue to the airport from the Skydive Monterey Bay lease is approximately \$33,520. The proposed annual rent in the expanded building area under the lease amendment is \$88,200. This is an increase of \$54,680 in revenue for the airport.

Building lease rent revenue is recorded to Airport Operations Fund 555, Facilities Rents Building Rents, Account No. 555.000.000.00-5460.220.

#### **CONCLUSION:**

Staff recommends that the City Council approve the terms of the lease amendment described in this report.

Respectfully submitted,

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Matt Mogensen  
Assistant City Manager  
City of Marina

**REVIEWED/CONCUR:**

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Layne Long  
City Manager  
City of Marina