# LEASE AGREEMENT BETWEEN THE CITY OF SANTA FE AND THE SANTA FE POLICE DEPARTMENT

This LEASE AGREEMENT ("Lease Agreement") is made and entered into as of the date of the last signature ("Effective Date"), by and between the CITY OF SANTA FE, a municipal corporation ("City" or "Lessor") and the SANTA FE POLICE DEPARTMENT, a law enforcement agency of the City ("Lessee"), collectively the "Parties".

WHEREAS, the City owns and operates the Santa Fe Regional Airport ("Airport") in the City of Santa Fe, County of Santa Fe, State of New Mexico; and

WHEREAS, operations at the Airport are subject to laws, rules, and regulations including Chapter 3 of the Santa Fe City Code of 1987 and the rules, fees, and minimum standards adopted thereunder; Chapter 64 of the New Mexico Statutes Annotated 1978 compilation, especially Article 1; 49 C.F.R. 1540 and 1542, 14 C.F.R. Parts 139, 158, and 170; and Federal Aviation Administration ("F.A.A.") grant assurances, Order 5190.6B on airport operations as updated, and policies including those on airport revenue use (64 C.F.R. 7715, as amended) and hangar use (81 F.R. 38910, as amended); and

WHEREAS, revenue paid by Airport tenants benefit general aviation at the Airport, commercial aviation operators and passengers, and residents of the City and of Santa Fe County; and

WHEREAS, in past years Lessee has operated on the Airport without an agreement and the Parties now wish to enter into this Lease Agreement to rent land with no aeronautical use at the Airport for Lessee's continued operation of its business and to come into compliance with F.A.A. regulations;

WHEREAS, the City does not have a current appraisal of the fair market value of ground lease rates for land without aeronautical use at the Airport and has developed a fair market value of ground lease rate in order to not delay execution of this Lease Agreement; and

**WHEREAS**, the City desires to lease land on the Airport for the purpose of Police Department firearm training.

**WITNESSETH:** In consideration of the Lessee's promises herein, Lessor hereby gives Lessee a Lease Agreement, revocable and terminable as hereinafter provided, to enter on, make use of, and develop the real property of Lessor as follows.

#### 1. PREMISES

Lessor allows Lessee to use, occupy, and develop, subject to the terms and conditions of this Lease Agreement, exclusive use of a certain parcel of land located east of Aviation Drive and approximately 1,700 feet northeast of the Airport terminal, containing approximately 2.00 acres (the "Premises"), as shown on **Exhibit A** of this Lease Agreement and non-exclusive use of roads and a parking area.

Lessee accepts the Premises in its present state and agrees that it is in good condition, without any representation or warranty by Lessor as to the condition of the Premises.

#### 2. LEASE TERM

- a. <u>Initial Term.</u> The initial term of this Lease Agreement shall commence at 12:00 a.m. on the Effective Date. The term of this Lease Agreement shall consist of an "Initial Term" of ten (10) years with two "Option Terms" of ten (10) years each. At the expiration or termination of the Initial Term, any improvements to the Premises Lessor directs to be turned over pursuant to Section 5(d) (Turnover or Removal of Improvements), and any improvements Lessee fails to remove pursuant to Section 5(d)(ii) that Lessor declares to be Lessor-owned, will transfer to Lessor-owned real or personal property.
- b. Option Term. Lessee's exercise of any Option Term is contingent upon compliance with this Lease Agreement and with written notice pursuant to paragraph 24 by Lessee to Lessor at least ninety (90) days prior to the expiration of the Initial Term and may be accepted at Lessor's or City Manager's discretion, communicated in writing. All terms, covenants, and conditions of this Lease Agreement, excepting the amount of rent to be paid, shall remain in full force and effect during any extension of the term.
- c. <u>Hold Over.</u> In the event Lessee remains in possession of the Premises after the expiration of the Term of this Lease Agreement, such possession may, at the sole option of Lessor, be continued as a month-to-month tenancy. Lessor not giving notice pursuant to Section 24 (Notice) that Lessee is to vacate the Premises at the end of the lease shall be considered leave to hold over. During any such month-to-month tenancy, the Rent due shall be prorated and payable on a monthly basis, and the terms and conditions of the Lease Agreement shall be otherwise applicable.

#### 3. RENT AND FEES

- a. <u>Initial Term Base Rent.</u> Lessee shall **Annual rent** with an initial rent of \$26,136.00 with a two percent (2%) cumulative increase each year which the parties agree constitutes a fair approximation of inflation over the life of the lease. This increase is based on a blend of the ten and twenty year averages of the Consumer Price Index for All Urban Consumers (Current Series). Years for the purposes of this lease run from July 1 through June 30. Prorated initial rent shall be due within thirty (30) days of the Effective Date and thereafter due in full on or before July 31 each year; the final payment shall also be prorated. Payment shall be made through the City's finance system.
- b. Optional Terms Rent. Lessee's exercise of any Option Term is contingent upon compliance with this Lease Agreement and with proper written notice by Lessee to Lessor at least ninety (90) days prior to the expiration of the Initial Term and shall be at Lessor's sole discretion. All terms, covenants and conditions of this Lease Agreement, excepting the amount of rent to be paid, shall remain in full force and effect during any extension of the term.
- c. <u>Hold Over.</u> In the event Lessee remains in possession of the Premises after the expiration of the Term of this Lease Agreement, such possession may, at the sole option of Lessor, be continued as a month-to-month tenancy. During any such month-to-month tenancy, the Rent due shall be prorated and payable on an annual or monthly basis, with annual increases as described in Section 3(a) above, and the terms and conditions of the Lease Agreement shall be otherwise applicable.

- d. Penalty for Late Rent Payment. If money payable to Lessor as a condition of this Lease Agreement is not paid in full when due, a penalty of 10% of the amount due and unpaid shall be added to the amount due, and the total sum of the then-due rental payment plus penalty shall become immediately due and payable to Lessor. A further penalty of 10% of the amount due and unpaid, including previously assessed penalties, shall be added for each additional month that said amount remains unpaid. The assessment and collection of the 10% penalty is in addition to any other rights of Lessor, if Lessee does not faithfully perform the terms, covenants, and conditions of this Lease Agreement. Periodic Adjustments to Rent. The rent set forth above shall be adjusted annually during the Initial Term and any Optional Terms for the following year based on the average annual inflation calculated for the Consumer Price Index. The first such adjustment under this paragraph shall take place on January 1 of each year. In no event shall the rent be adjusted downward.
- e. Adjustments to Rent Following Reappraisal.
  - i. If the Airport or the portion thereof containing the leased property is reappraised, the Airport Manager may increase rent to the appraisal value by alerting the Lessor of the increase pursuant to Paragraph 24. The increase in rent will take effect the following July 1, with the rent due each subsequent year increased by two percent (2%) annually, as set forth in Section 3(a) above, and notwithstanding the rent schedule in Section 3(j) below. Adjustment of rent due to reappraisal shall not occur more than once every five (5) years.
  - ii. As soon as is practical after the execution of this Lease, the City shall obtain an appraisal of airport properties that includes an appraisal of the fair market value of land without aeronautical use. The initial rent in Section 3(a) above will be set based on that appraisal with annual increases as described in Section 3(a), effective the following July 1. If Lessee believes that the appraisal is not accurate, Lessee may demand an alternative appraisal by an appraiser approved by the Asset Development division. The Asset Development division will then set the price per square foot based on the two appraisals, with the final rate approved by the City Manager.
- f. <u>Security and Fire Protection Fees</u>. Lessor reserves the right to impose fair and equitable fees for security and fire protection provided by Lessor.
- g. <u>Payment Statements.</u> Records of rent payments shall be available for inspection on demand and with reasonable time to comply from the City of Santa Fe Finance Department. As of the Effective Date, the Finance Department is located at 200 Lincoln Ave., Santa Fe, NM 87501, with a mailing address of Finance Director, P.O. Box 909, Santa Fe, NM 87504-0909.
- h. Provision of Services to Offset Monetary Rent
  - During the Term of and in consideration of this Lease Agreement, Lessee may offset the monetary Rent due by providing to the Airport, the services as shown on Exhibit B of this Lease Agreement, which may be amended from time-to-time as agreed upon by the Parties.
  - ii. Exclusions. Lessee shall exclude from the value of any Services the amount of any governmental subsidy or payment for Services received by the Lessee for providing such Services or the amount paid by members of the public for such Services. This exclusion applies to funds available for security generally and does not apply to funds that become available based on having certified law enforcement personnel providing security rather than private security personnel.

- iii. Invoices and Review by Lessor. Lessee shall submit invoices on a quarterly basis for review and approval by Lessor, who designee for such review and approval shall be the Airport Manager. Lessor shall evaluate Lessee's Annual invoices for services and provide a written acceptance or rejection of the invoices to Lessee. Lessor may, in its sole discretion, request any such additional information and documentation as it deems necessary to evaluate any invoice. Lessee's failure to provide such requested information within 45-days of Lessor's request is cause for Lessor's termination of this Lease Agreement. Lessor's determination regarding the monetary value of Services shall be final and binding and not subject to challenge by Lessee in any forum.
- iv. Any offsets from statements approved by the Airport Manager will be applied first to rent owed for the lease of a parcel along the southwest side of Huey Road, approximately ¼ mile south of Paseo Real and just north of the National Guard Facility, containing approximately 1.47 acres. Any remaining offsets will be applied to this Lease.
- v. Notwithstanding anything in this Section to the contrary, Lessor's failure provide written acceptance or rejection of invoices or to request additional information and documentation from Lessee within 45-days of Lessor's receipt of any invoice shall be deemed to be acceptance of such invoice by Lessor.
- i. <u>Increase in Rent.</u> Rent shall be increased annually by 2%, effective on the first anniversary of the Effective Date and annually thereafter. Annual increases are based on the Consumer Price Index, All Urban Consumers, All Items in U.S. City Average,
- j. <u>Rent Schedule.</u> In consideration of this Lease Agreement, and as set forth in Section 3(a) above, City and Lessee agree to the following Rent Schedule;

Year	Term Dates		LSF	Escalation	TOTAL ANNUAL RENT/SF	Annual Rent
1	7/1/2023	6/30/2024	87,120		\$0.300	\$26,136.00
2	7/1/2024	6/30/2025	87,120	2.00%	\$0.306	\$26,658.72
3	7/1/2025	6/30/2026	87,120	2.00%	\$0.312	\$27,191.89
4	7/1/2026	6/30/2027	87,120	2.00%	\$0.318	\$27,735.73
5	7/1/2027	6/30/2028	87,120	2.00%	\$0.325	\$28,290.45
6	7/1/2028	6/30/2029	87,120	2.00%	\$0.331	\$28,856.26
7	7/1/2029	6/30/2030	87,120	2.00%	\$0.338	\$29,433.38
8	7/1/2030	6/30/2031	87,120	2.00%	\$0.345	\$30,022.05
9	7/1/2031	6/30/2032	87,120	2.00%	\$0.351	\$30,622.49
10	7/1/2032	6/30/2033	87,120	2.00%	\$0.359	\$31,234.94
11	7/1/2033	6/30/2034	87,120	2.00%	\$0.366	\$31,859.64
12	7/1/2034	6/30/2035	87,120	2.00%	\$0.373	\$32,496.83
13	7/1/2035	6/30/2036	87,120	2.00%	\$0.380	\$33,146.77
14	7/1/2036	6/30/2037	87,120	2.00%	\$0.388	\$33,809.70
15	7/1/2037	6/30/2038	87,120	2.00%	\$0.396	\$34,485.90
16	7/1/2038	6/30/2039	87,120	2.00%	\$0.404	\$35,175.61

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17	7/1/2039	6/30/2040	87,120	2.00%	\$0.412	\$35,879.13
18	7/1/2040	6/30/2041	87,120	2.00%	\$0.420	\$36,596.71
19	7/1/2041	6/30/2042	87,120	2.00%	\$0.428	\$37,328.64
20	7/1/2042	6/30/2043	87,120	2.00%	\$0.437	\$38,075.22
21	7/1/2043	6/30/2044	87,120	2.00%	\$0.446	\$38,836.72
22	7/1/2044	6/30/2045	87,120	2.00%	\$0.455	\$39,613.46
23	7/1/2045	6/30/2046	87,120	2.00%	\$0.464	\$40,405.72
24	7/1/2046	6/30/2047	87,120	2.00%	\$0.473	\$41,213.84
25	7/1/2047	6/30/2048	87,120	2.00%	\$0.483	\$42,038.12
26	7/1/2048	6/30/2049	87,120	2.00%	\$0.492	\$42,878.88
27	7/1/2049	6/30/2050	87,120	2.00%	\$0.502	\$43,736.46
28	7/1/2050	6/30/2051	87,120	2.00%	\$0.512	\$44,611.18
29	7/1/2051	6/30/2052	87,120	2.00%	\$0.522	\$45,503.41
30	7/1/2052	6/30/2053	87,120	2.00%	\$0.533	\$46,413.48
SX.						

k. Past Years Rent. As compensation for Lessee's operations on the Airport in past years, Lessee shall pay past years rent of \$142,886.51 as provided for in the **Exhibit C** attached hereto, in the month of July 2023.

#### 4. USE OF PREMISES

- a. <u>Conditions of Use.</u> Lessee shall use the Premises solely in accordance with the scope of permissible activities, as documented and approved, as Police Department firearm training and related activities. Lessee agrees to amend this Lease Agreement as described herein prior to commencing any new activities on the Premises.
- b. <u>Compliance with Laws</u>. Lessee's use of the Premises shall at all times be in compliance with the City of Santa Fe City Code and other applicable local, state and federal regulations including but not limited to compliance with the City of Santa Fe Integrated Pest Management Policy (SFCC 1987, § 10-7).
- c. Alterations and Improvements
  - i. Lessee shall not make or suffer or permit to be made any alterations, additions, or improvements whatsoever in or about the Premises without first obtaining the written consent of the Airport Manager and, if required, the F.A.A. If Lessor gives such consent, all alterations or improvements shall be done solely at Lessee's expense and in accordance and in compliance with all applicable municipal, state and federal ordinances, laws, rules and regulations. Alterations or improvements shall be compatible with the general decor of the Airport Terminal or with such design standards as the Lessor may adopt from time to time. Lessee has Lessor's consent to place temporary buildings on the Premises prior to, and during, construction, with appropriate permitting.
  - ii. Lessee shall allow no liens of mechanics, materialmen, laborers, architects, artisans, contractors or subcontractors to be created against or imposed upon the Premises.

    Lessee shall, upon request by Lessor, provide a labor and materialman's bond to cover

- all work and materials and labor arising out of alterations, additions, or improvements. No default shall occur if Lessee contests the amount or validity of any such lien, and actively litigates such claim to conclusion. Lessee may bond against such lien, as may be allowed by law, without constituting a default hereunder.
- iii. Any and all alterations, additions, and improvements, except shelving, trade fixtures, and movable furniture, made at Lessee's sole expense after having first obtained the written consent of Lessor, in accordance with the provisions contained in this Section, whether attached to the walls, floors, Premises or not, shall belong to Lessee but shall merge and become a permanent part of the Lessor's realty and vest in Lessor upon termination of this Lease and all such alterations, additions and improvements shall remain on the Premises and shall not be removed by Lessee at the termination of this Lease without the permission of Lessor. The shelving, trade fixtures, and movable furniture, or both, which Lessee is privileged to remove, must be removed by Lessee at Lessee's sole expense on or before the termination of this Lease.
- d. Destruction of Premises. If at any time during the Term of this Lease, the Premises shall be totally or partially destroyed by fire, earthquake, flood, or other calamity, then Lessee shall have the option to rebuild or repair the same, providing such rebuilding or repairing shall be commenced within a period of thirty (30) days after receipt of notice in writing to Lessor by Lessee that such calamity has occurred. In such case, a just and proportionate part of the rental payment per month shall be abated until such demised property shall have been rebuilt and repaired. If Lessor, within thirty (30) days following receipt of notice in writing by Lessee of such damage or destruction, elects not to rebuild or repair said property, then Lessor shall so notify Lessee and thereupon this Lease shall terminate and become null and void. For the purposes of this subsection, rebuilding or repairing is "commenced" if an item is placed on the agenda of the City's Governing Body and/or City personnel are working to appropriate necessary funds and rebuild or repair consistent with the requirements of the Governing Body's rules, the New Mexico Open Meetings Act, NMSA 1978, § 10-15-1 et seq., and the State and City procurement codes, NMSA 1978, § 13-1-28 et seq, and SFCC 1987, § 11-13.

#### 5. CONSTRUCTION OF IMPROVEMENTS

Lessee may, with the prior written consent of Lessor and at no cost to Lessor, make improvements to the Premises as proposed in Lessor's building plan submitted pursuant to Airport Minimum Standards and consistent with the Airport Master Plan, or that are required to comply with the City of Santa Fe Land Use Code, and other applicable local, state, and federal regulations. Lessor's approval shall not be unreasonably withheld but is contingent on F.A.A. approval of buildings, structures, or improvements. Lessee shall, upon Lessor's request, remove all such improvements made to the Premises at the termination of this Lease Agreement.

- a. <u>Time for Construction.</u> Any construction proposed in Lessor's building plan must begin within twelve (12) months of the Effective Date of this Lease Agreement and be complete within eighteen (18) months of the Effective Date of this Lease Agreement. If the approved building plan includes phases of development, then the first phase must comply with these requirements, and subsequent phases will comply with time periods and/or triggering events described in the development plan.
- b. <u>Banking of Land Prohibited.</u> Banking of land as described in FAA Order 5190-6B as amended is prohibited and will be considered a breach of this Lease Agreement. A phased

- development plan accepted by the Airport Manager and the FAA shall constitute evidence that undeveloped portions of the lease do not violate this provision if Lessee complies with the accepted timelines or triggering events in the phased construction plan.
- c. <u>Construction Assurance</u>. Prior to the commencement of any construction or work of improvement on the Premises ("Improvements"), Lessee shall furnish to Lessor evidence that sufficient monies will be available to complete the Improvements. An ordinance, resolution, or approval of a budget alteration request of the City of Santa Fe Governing Body authorizing construction and appropriating funds; an appropriation by the New Mexico Legislature; or a grant award intended to or permitting and sufficient for the construction shall be accepted as sufficient evidence. Such evidence may be for the next phase of a phased construction project, rather than the entire project.:
- d. Turnover or Removal of Improvements.
  - i. Turnover of Improvements If Lessor directs that the Improvements be turned over to Lessor at the expiration of the Initial Term of this Lease Agreement, they shall be turned over in a state of good condition and repair.
  - ii. Removal of Improvements If Lessor directs that the Improvements be removed, all or in part, prior to the expiration or termination of the Initial Term of this Lease Agreement, Lessee shall remove all Improvements from the Premises, at Lessee's sole cost. Lessee shall restore the portions of the Premises from which it removes any Improvements, as nearly as reasonably possible, to a level graded condition at Lessee's sole cost. If Lessee has not removed the Improvements in a reasonable amount of time after the expiration or termination of this Lease Agreement, then Lessor may, at its option, declare the Improvements to be Lessor-owned real property or it may use or dispose of the remaining personal property pursuant to applicable law, and otherwise restore the Premises at Lessee's sole cost.
  - iii. Removal of Hazardous Materials All hazardous materials on the Premises used or stored by Lessee must be removed prior to the expiration or termination of the Initial Term of this Lease Agreement, whether or not the Improvements remain on the Premises.
- e. <u>Fixtures</u>. All fixtures installed by Lessee after the Effective Date of this Lease Agreement shall remain the property of Lessee, who may remove the same within sixty (60) days of termination of this Lease Agreement for any reason, provided that removal shall be accomplished in such a manner as not to injure or damage the Premises. In the event that Lessee fails to remove said fixtures after receipt of notice from Lessor to do so, Lessor may remove and dispose of the same as it sees fit and Lessee agrees to assign, transfer, and set over to Lessor all of Lessee's right, title, and interest in and to said trade fixtures and any personal property not removed by Lessee. Lessee further agrees that, should Lessor remove said trade fixtures pursuant to this paragraph, that Lessee shall pay Lessor upon demand the cost of such removal, plus the cost of transportation and disposal thereof.
- f. Removal or Transfer of Improvements. If Lessee has paid all rents due and is otherwise in good standing under this Lease Agreement, Lessee shall have the right to remodel, remove, demolish, or destroy any structures or improvement constructed by Lessee on the Premises without compensation to Lessor, so long as the Premises are left in a safe and sightly condition. If Lessee elects to remove, demolish, or destroy any structures or improvements, Lessee shall remove all asphalt and concrete and restore the site to a condition existing prior

- to the addition of any improvements. Upon termination of this Lease Agreement for any reason, the title to any such structures or improvements, as remains, shall pass to the Lessor.
- g. <u>Easements</u>. Lessor shall provide reasonable easements as required for ingress, egress, and utilities to serve the premises.

#### 6. REPAIRS & MAINTENANCE

- a. During the term of this Lease and any extension or renewal thereof, Lessee shall not cause or permit any waste, damage, or injury to the Premises or to any improvements made to the Premises.
- b. During the term of this Lease and any extension or renewal thereof, Lessee shall, at its sole expense, keep and maintain the Premises in good and clean condition at all times and shall be responsible for the costs of any and all required repairs, replacements, and capital improvements that arise during the Term of this Lease Agreement.
- c. Repairs and replacements required to be made by the Lessee shall be made promptly as and when necessary and shall be at least equal in quality of materials and workmanship to that originally existing in the Premises.
- d. During the term of this Lease and any extension or renewal thereof, Lessee shall maintain all paved areas to be free of weed growth.
- e. Lessee shall at all times during the term of this Lease and any extension or renewal thereof, and in a timely manner, provide a safe Premises by eliminating conditions caused by natural processes, including and not limited to, snow, ice, debris, mold and standing water.
- f. Lessor reserves the right to inspect the Premises at any time during the Term of this Lease Agreement to verify Lessee's compliance with this Section. In the event Lessee fails to maintain the Premises at a standard acceptable to the Lessor, as determined in Lessor's sole discretion, Lessor may terminate this Lease Agreement in accordance with Section 13 (Termination) herein.
- g. Repair and maintenance shall be to the sole satisfaction of Lessor, and if Lessee fails to fulfill any duty imposed under this Section within a reasonable period of time, City may, and is not required to, perform those duties at Lessee's sole cost. Lessee shall promptly cooperate with Lessor if Lessor undertakes to perform such duties. No action by Lessor taken pursuant to this Section shall constitute a waiver of Lessee's obligations. Lessee's obligations under this Section shall survive the expiration or termination of this Lease Agreement.

#### 7. UTILITIES & SERVICES

Lessee, at Lessee's sole cost and expense, agrees to provide the following:

- a. All gas, electricity, water, sanitary sewer service and refuse deposal services;
- b. Janitorial supplies and services;
- c. Pest control services; and
- d. Snow removal services.

#### 8. TAXES

Lessee shall pay all taxes levied and assessed, if any, upon any personal property, fixtures and improvements belonging to Lessee and located upon the demised Premises, and all leasehold and possessory interest taxes levied or assessed by any proper taxing authority.

#### 9. INSURANCE

The City of Santa Fe, whether by self-insurance or commercially-acquired insurance, has and shall maintain adequate insurance coverage including coverage for or equivalent to:

- i. Workers' Compensation Insurance at or above statutory limits.
- ii. Employer's Liability Insurance sufficient to cover the maximum liability permitted by the New Mexico Tort Claims Act, NMSA 1978, Section 44-4-1 *et seq.*, and the New Mexico Civil Rights Act, NMSA 1978, Section 41-4A-1 *et seq*
- iii. Business Automobile Liability Insurance sufficient to cover the maximum liability permitted by the New Mexico Tort Claims Act, NMSA 1978, Section 44-4-1 *et seq.*, and the New Mexico Civil Rights Act, NMSA 1978, Section 41-4A-1 *et seq.*

With respect to coverage of improvements and personal property at the Premises, the City has adequate coverage through self-insurance or commercial insurance to cover repair of improvements, replacement of City-owned personal property, and liability for damages to employee personal property to the maximum liability permitted by the New Mexico Tort Claims Act, NMSA 1978, Section 44-4-1 *et seq*. In the event of destruction of improvements, the City's Governing Body will determine whether to repair or replace improvements, or to terminate the lease consistent with Section 4(e) (Destruction of Premises).

#### 10. EASEMENTS

Lessor reserves the exclusive right to grant access, utility, or other easements on or through the Premises. Lessor shall notify Lessee in writing prior to Lessor's grant of any easement through the Premises.

#### 11. TERMINATION

- a. Lessor may terminate this Lease Agreement upon Lessee's failure to comply with any provisions contained herein. Prior to termination, Lessor shall hand deliver or mail notice to Lessee via certified or registered mail specifying:
  - i. the breach:
  - ii. the action required to cure the breach;
  - iii. a date, not less than fifteen (15) days from the date the notice is hand delivered or mailed to Lessee, by which such breach must be cured; and
  - iv. that failure to cure such breach on or before the date specified in the notice will result in termination of the Lease Agreement.
- b. Lessee may terminate this Lease Agreement with written notice to Lessor at least thirty (30) days prior to the stated termination date.
- c. At the termination of this Lease Agreement, Lessee shall surrender the Premises in the condition in which they were at the inception of this Lease Agreement, excepting:
  - i. Deterioration caused through reasonable use and ordinary wear and tear; and
  - ii. Alterations, improvements, or conditions made with Lessor's written approval, unless removal is directed by Lessor under Section 5(d) (Turnover of Removal of Improvements).
- d. <u>Appropriations</u>. The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Governing Body for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Governing Body this Agreement shall terminate upon written notice being given by Lessee to Lessor. Lessee's decision as to whether sufficient appropriations are available shall be accepted by the

Contractor and shall be final. If this provision is invoked, Lessee shall have ninety (90) days to vacate the Premises subject to the provisions of this Lease, including but not limited to Section 5(d) (Turnover or removal of improvements).

#### 12. RIGHTS OF LESSOR

- a. Operate the Airport in the best interest of the public and the right, without interference or hindrance, to maintain, improve, or further develop the landing area or public use facilities of the Airport as it sees fit, regardless of any protest of the Lessee, and to lease additional space to other concessions at the Airport regardless of any objection of the Lessee. The Lessor may relocate the Lessee if the physical development of the Airport or the Airport Terminal requires relocation of the Lessee, provided the Lessor gives sixty (60) days' written notice to the Lessee and the Lessor compensates the Lessee for the Premises in one of the two following methods, at the Lessor's expense:
  - i. If the Lessor determines it has vacant land available at the Airport which is generally comparable in location to that being taken for development, then the Lessee shall relocate the Lessee-owned facilities to the new location in substantially similar form to that then existing. The Lessor shall reimburse Lessee within sixty (60) days for Lessee's actual expenses of relocation of its facilities, subject to Lessor's prior approval of the reasonableness of such expenses; or
  - ii. If Lessor determines that Lessee cannot be relocated as described above, then Lessor shall purchase from Lessee the Lessee-owned facilities to which title shall then pass in fee simple to Lessor. The amount to be paid by Lessor to Lessee shall be the fair market value of the improvements taken.
- b. Enter upon the Premises at any reasonable time for the purpose of making any inspection it may deem expedient to the proper enforcement of any of the covenants or conditions of this Lease and any federal, state, or city laws, ordinances, regulations, rules, and codes now or hereafter in effect.

#### 13. RIGHTS OF LESSEE

- a. Lessee shall have the right, but shall not be required:
  - i. To the non-exclusive use, in common with others, of the Airport, appurtenances, and improvements thereon, but this shall not restrict the right of the Lessor to charge visitors a fee for the use of such areas;
  - ii. To install, operate, maintain, repair and store, subject to approval of Lessor in the interests of safety and the convenience of all concerned, all equipment necessary for the conduct of Lessee's business; and
  - iii. Of access to and from the Premises, limited to taxiways, streets, driveways, and sidewalks designated for such purposes by the Lessor, and which right shall extend to Lessee's employees, passengers, guests, and patrons.
- b. Lessee is authorized, but not required, to provide the services set forth above in Section 4(a) (Use of Premises).

#### 14. SUBLEASE, ASSIGNMENT, OR TRANSFER

Except as otherwise provided herein, Lessee may not, without the prior written consent of Lessor, which shall not be unreasonably withheld, conditioned, or delayed at any time during the term of this

Lease, sell, lease, assign, transfer or permit to be acquired, this Lease or any interest herein. Lessee may sublease any portion of the leasehold interest to parties who will provide aviation-related services permitted hereunder, and who accept the terms of this Lease Agreement pursuant to any sublease agreement. The Lessee shall, however, be permitted to enter into a leasehold mortgage, collateral assignment, or security interest in the form approved by the Lessor, for construction and/or business operation financing purposes. However, the amount secured by such financing shall not exceed the value of the leasehold improvements on the Premises and the value of any other leasehold improvements owned by Lessee pursuant to leases (other than this Lease) between Lessor and Lessee. Leasing and subleasing of hangar and tie down space on the Premises, to individual aircraft owners, shall be allowed without Lessor's consent.

#### 15. OBSERVATION OF LAWS, RULES, REGULATIONS, AND FAA GRANT ASSURANCES

Lessee and Lessor agree to observe and obey during the Term of this Lease, all laws, ordinances, minimum standards, rules and regulations promulgated and enforced by Lessor, and by any other proper authority having jurisdiction over the conduct of operations at the Airport, including the federal government, the state, the county and the City now or hereafter in effect.

#### 16. FAIR AND NONDISCRIMINATORY SERVICES

Lessee, in the conduct of its authorized business activities, shall furnish good, prompt, and efficient service in compliance with all applicable laws, rules, and regulations adequate to meet the demand for its services at the Airport, and shall furnish such service on a fair, equal, and not unjustly discriminatory basis to all users thereof, and agrees to furnish such services at fair, equal, and not unjustly discriminatory prices for each unit of sale or service; provided, however, that Lessee shall be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchases. Lessee agrees to operate the business in an ethical and professional manner and shall keep the Premises in a safe, clean, orderly, and inviting condition at all times, satisfactory to the Lessor. Lessee shall not permit its employees or agents to solicit customers on public property.

#### 17. CIVIL RIGHTS ASSURANCES

- a. Lessee agrees for itself, its employees, and its contractors and subcontractors that:
  - i. No person shall be excluded from participation in, benefits of, or otherwise subjected to discrimination in the use of the Airport on the basis of ethnicity, race, age, religion, creed, color, national origin, ancestry, sex, gender, sexual orientation, physical or mental disability, medical condition, national origin, or citizenship status;
  - ii. In the construction of any improvements on, over, or under the Airport and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination on the grounds of ethnicity, race, age, religion, creed, color, national origin, ancestry, sex, gender, sexual orientation, physical or mental disability, medical condition, national origin, or citizenship status; and
  - iii. Lessee shall comply with all requirements imposed by or pursuant to Title 49, code of Federal Regulations, Subtitle A, Part 21 in using Airport premises or providing services initiated at the Airport.

b. Lessee assures that it will undertake an affirmative action program as required by 14 C.F.R. Part 152, Subpart E, to ensure that no person shall be excluded from employment activities or any covered service or benefit on a prohibited basis by Lessee, an employee of Lessee, or any contractor or subcontractor.

#### 18. ENVIRONMENTAL PROTECTIONS

- a. Lessee shall not commit or permit commission of any waste on the Airport, or any nuisance or other act or thing that may disturb the quiet enjoyment of the Airport or surrounding property. Lessee shall provide, as necessary, a separate drainage, collection, and/or separation system to ensure that no untreated liquid waste from any type of operation, including vehicle cleaning, fueling, and oil change operations, will enter the Airport storm drainage or sanitary system.
- b. Lessee shall, at all times, comply with all applicable laws, rules, and regulations of the federal, state, and local government entities. Lessee shall not permit any activity which directly or indirectly produces objectionable or unlawful amounts or levels of air pollution, noise, glare, heat emission, electronic or radio interference with navigational and communications facilities for the operation of the Airport and for Airport use by aircraft, trash, or refuse accumulation, vibration, prop-wash, or jet blast, or which is hazardous or dangerous by reason of risk of explosion, fire, or harmful emission. Any waste oil storage tanks shall be in approved containers and in accordance with all environmental and fire protections regulations.
- c. Hazardous substances are any substance, material, or waste, (including any petroleum products, solvents, thinners, herbicides and soil sterilants, and aircraft deicing fluids) which is or becomes designated, classified, or regulated as being "toxic," "hazardous," a "pollutant," or similar designation under any federal, state, or local law, regulation, or ordinance.
- d. Pursuant to Section 10 (Indemnification) above, Lessee agrees to defend, indemnify, and hold Lessor harmless from and against all liabilities, claims, actions, foreseeable and unforeseeable consequential damages, costs, and expenses (including sums paid in settlement of claims and all consultant, expert, and legal fees and expenses of Lessor's counsel) or loss directly or indirectly arising out of or resulting from the presence of any hazardous substance as a result of Lessee's or any contractor or sub-tenant's activities, whether before, during, or after construction, in or around any part of the property or the soil, groundwater or soil vapor on or under the property, including those incurred in connections with any investigation of site conditions or any cleanup, remedial, removal, or restoration work, or any resulting damages or injuries to the person or property or which is brought against Lessor, whether alone or together with Lessee or any other person.
- e. Lessee shall comply and cause all occupants of the property to comply with all laws, regulations, and ordinances governing or applicable to hazardous substances as well as the recommendations of any qualified environmental engineer or other expert which apply or pertain to the premises. Lessee acknowledges that hazardous substances my permanently and materially impair the value and use of real property. Lessee shall promptly notify Lessor if it knows, suspects, or believes there may be any hazardous substance in or around the property or in the soil, groundwater, or on or under the Airport, or that Lessee or the property may be subject to any threatened or pending investigation by any governmental agency under any law, regulation, or ordinance pertaining to any hazardous substance.

#### 19. NONEXCLUSIVE RIGHTS

- a. Lessee shall have the exclusive right and privilege of engaging in and conducting a business on the Premises of the Airport under the terms and conditions set forth herein, provided, however, that this Agreement shall not be construed in any manner to grant Lessee or those claiming under Lessee in this Agreement the exclusive right to the use of the common areas and facilities of the Airport.
- b. Lessor shall have the right to lease other portions of the Airport or Airport Terminal to lessees, including other ground, air, and transportation services. Lessor shall not in the future form any other Agreement more favorable or less restrictive to Lessee's than set forth in this Agreement. Lessor understands and agrees that nothing in this Agreement shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended.

#### **20. SUBORNINATE PROVISIONS**

This Agreement is subject and subordinate to the terms, reservations, restrictions, provisions, and conditions of any existing or future agreement between the Airport and its appurtenant facilities, the execution of which have been or may be required as a condition precedent to the participation by any federal or state agency in the extension, expansion, or development of said airport or its facilities.

#### 21. OBSTRUCTIONS

Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the Airport which, in the opinion of the Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft. Lessee shall, upon approval by Lessor and prior to any construction of any nature within the boundaries of the Airport, prepare and submit to the Airport Manager and the Federal Aviation Administration, Airports District Office, 2601 Meacham Blvd, Ft Worth TX, 76137 one executed set (four copies) of FAA form 7460-1 "Notice of Proposed Construction or Alterations", as required by Federal Aviation Regulation Part 77. This notice must be submitted at least thirty (30) days prior to the date of the proposed construction/alteration or the date that an application for a construction permit is filed, whichever is earlier.

Should a Federal Aviation Administration Obstruction Evaluation determine that obstruction lights are needed or required on new construction, or should Federal Aviation Administration rules and regulations change to require obstruction lights on existing structures which previously did not require obstruction lights, Lessee agrees to install, maintain, and operate such obstruction lights on the top of buildings or structures to be placed on the Premises. If Lessee fails to install, maintain, and operate such obstruction lights then the Lessor shall have the right to install, maintain, and operate the same at Lessee's expense.

#### 22. NOTICE

Any required notice will be deemed delivered, given and received (i) when personally hand delivered, or (ii) five days after the same are deposited in the United States mail, postage prepaid, registered, addressed to the applicable party at the address indicated below for such party, or at such other address as may be designated by either party in a written notice to the other party:

City of Santa Fe Attn. City Manager P.O. Box 909 Santa Fe, NM 87504-0909

City of Santa Fe Attn. Airport Manager P.O. Box 909 Santa Fe, NM 87504-0909 City of Santa Fe Attn: Chief of Police P.O. Box 909 Santa Fe, NM 87504-0909

City of Santa Fe Attn: Asset Development M P.O. Box 909 Santa Fe, NM 87504-0909

#### 23. NO WAIVER

No waiver of a breach of any of the provisions contained in this Lease Agreement shall be construed to be a waiver of any succeeding breach of the same or any other provisions.

#### 24. SEVERABILITY

In the event that one or more of the provisions contained in this Lease Agreement or any application thereof shall be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein, and any other application thereof shall not in any way be affected or impaired thereby.

#### 25. ENTIRE AGREEMENT

The foregoing constitutes the entire Lease Agreement between the Parties, represents their entire understanding, and defines all of their respective rights, title, and interests as well as all of their duties, responsibilities, and obligations. Any and all prior lease agreements and understandings between the Parties related to the Premises, if any, are merged herein. This Lease Agreement shall not be modified or amended except by a written document signed by the Parties.

#### 26. BINDING EFFECT

This Lease Agreement shall be binding upon and insure to the benefit of the Parties hereto and their respective successors and permitted assigns.

#### 27. LITIGATION EXPENSE

In any lawsuit arising from an act or omission of Lessee, Airport revenue shall not be used to pay for costs or damages resulting from litigation, including but not limited to court costs, attorneys' fees, mediator fees, settlements, or court-ordered costs, fees, or damages.

#### 28. HEADINGS

The section headings contained in this Lease Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Lease Agreement.

#### 29. APPLICABLE LAW; VENUE

In any action, suit or legal dispute arising from this Lease Agreement, the laws of the State of New Mexico shall govern.

#### **30. AMENDMENT**

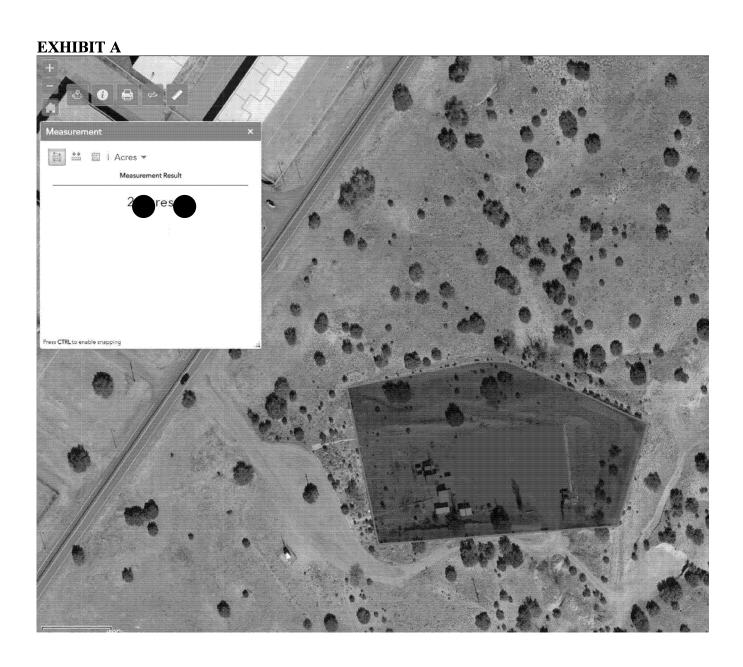
This Lease Agreement shall not be altered, changed, or modified except by an amendment in writing executed by the Parties hereto.

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[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

12	IN WITNESS WHI day of April	EREOF, the City of $20^{23}$ .	f Santa Fe has exect	uted this Lease Agre	eement as of this
CITY	OF SANTA FE				
aum					
ALAN '	WEBBER, MAYOR				
ATTES	T:				
Krisi	tur Mila				
	NE BUSTOS-MIHE MTG 4/12/2023	LCIC, CITY CLEF	RK XIV		
APPRO	VED AS TO FORM	í:			
Kevin L. Na	rult				
KEVIN	L. NAULT, ASST.	CITY ATTORNEY	7		
APPRO	VED AT TO FINA	NCE:			
Emily I.	<b>C.</b> <i>Oster</i> (Apr 7, 2023 13:22 MDT)				
	OSTER, FINANCE Org. Code 5456050-				

 $[REMAINDER\ OF\ THIS\ PAGE\ LEFT\ BLANK\ INTENTIONALLY]$ 



#### **EXHIBIT B**

Lessee shall assign one or more Police Officers as Airport Security Coordinators ("Officers") to assist with law enforcement and security concerns and emergency response coordination and training. The Officers shall conduct regular patrols and assessments of the Airport and directs additional patrols as necessary. Lessee's statements for the value of Officers' services shall charge actual costs for compensation paid to Officers including employee benefits, and depreciation for any vehicles assigned for use by Officers continuously during the statement period.

#### EXHIBIT C - Past Years Rent

Year	Due	LSF	Escalation	TOTAL ANNUAL RENT/SF	Annual Rent
1	6/30/2024	87,120		\$0.260	\$22,651.20
2	6/30/2025	87,120	2.00%	\$0.265	\$23,104.22
3	6/30/2026	87,120	2.00%	\$0.271	\$23,566.31
4	6/30/2027	87,120	2.00%	\$0.276	\$24,037.63
5	6/30/2028	87,120	2.00%	\$0.281	\$24,518.39
6	6/30/2029	87,120	2.00%	\$0.287	\$25,008.76
				TOTAL	\$142,886.51



City of Santa Fe
Real Estate Summary of Contracts, Agreements, Amendments & Leases

, and a second s	
Section to be completed by department	
1. Munis Contract #	
Contractor: Santa Fe Police Department	
Description: Lease Agreement Between the Department for 2.0 acres (shoc	Santa Fe Regional Airport and the Santa Fe Police oting range)
Contract O Agreement O Lease / Rent	Amendment O
Term Start Date: 07/01/23 Term End	Date: 06/30/32
Approved by Council	Date:
Contract / Lease: Lease Agreement	
Amendment #	to the Original Contract / Lease #
Increase/(Decrease) Amount \$	
Extend Termination Date to:	
Approved by Council	Date:
Amendment is for:	
2 HISTORY of Contract, Amendments & Lease /	Rent - Please Elaborate (option: attach spreadsheet if multiple amendments)
· ·	sing land at the Santa Fe Regional Airport and are now
3. Procurement History: No Procurement History	
Travis Dutton Leyda	Apr 7, 2023
Purchasing Officer Review:	Date:
	ernment to government agreements are exempt.
4. Funding Source: Airport Land Leases	Org / Object: 5456050-460150
Emily K. Oster Emily K. Oster (Apr. 7, 2023 13:22 MDT)  Budget Officer Approval:	Apr 7, 2023  Date:
Comment & Exceptions:	Date.
·	Harris Phone # (505) 479-2208
Staff Contact who completed this form: James	
	s@santafenm.gov
To be recorded by City Clerk: Clerk #	
Date of Execution:	

Tit**l**e

Date

ITT Representative (attesting that all information is reviewed)



# **CITY OF SANTA FE PROCUREMENT CHECKLIST**

Contractor Name: Santa Fe Police Department					
Procurement Title: Lease Agreement Between Santa Fe Regional Airport and Santa Fe Police Dept.					
Procurement Method: State Price Agreement Cooperative Sole Source Other					
Exempt Request For Proposal (RFP) Invitation To Bid (ITB) Contract under 60K Contract over 60K					
Department Requesting Santa Fe Regional Airport Staff Name James Harris					
Procurement Requirements:					
A procurement file shall be maintained for all contracts, regardless of the method of procurement. The procurement file shall contain the basis on which the award is made, all submitted bids, all evaluation materials, score sheets, quotations and all other documentation related to or prepared in conjunction with evaluation, negotiation, and the award process. The procurement shall contain a written determination from the Requesting Department, signed by the purchasing officer, setting forth the reasoning for the contract award decision before submitting to the Committees.					
REQUIRED DOCUMENTS FOR APPROVAL BY PURCHASING*					
PES N/A  Approved Procurement Checklist (by Purchasing)  Memo addressed to City Manager (under 60K) Committees/City Council (over 60K)  State Price Agreement  RFP  Evaluation Committee Report  ITB  Bib Tab  Quotes (3 valid current quotes)  Cooperative Agreement  Sole Source Request and Determination Form  Contractors Exempt Letter  Purchasing Officers approval for exempt procurement  BAR  FIR  Executed Contract, Agreement or Amendment  Current Business Registration and CRS numbers on contract or agreement  Summary of Contracts and Agreements form  Certificate of Insurance  All documentation presented to Committees  Other:					
James Harris Santa Fe Regional Airport Manager 04/06/23					
Department Rep Printed Name (attesting that all information included)  Title  Date					
Purchasing Officer (attesting that all information is reviewed)  Apr 7, 2023  Date					
ITT Representative (attesting that all information is reviewed)  Title Date					
Include all other substantive documents and records of communication that pertain to the procurement and contract.					



# City of Santa Fe, New Mexico



## Memorandum

**DATE:** April 6, 2023

TO: Airport Advisory Board – 04/13/23

Finance Committee – 04/17/23

Public Works and Utilities Committee – 04/24/23

**Governing Body – 04/26/23** 

FROM: James Harris, Santa Fe Regional Airport Manager JH

Terry Lease, Asset Development Manager, Office of Economic Development

VIA: Layla S. Archuletta-Maestas, Deputy City Manager

Re: Approval of Lease Agreement Between the City of Santa Fe and the Santa Fe Police

**Department** 

#### **ITEM AND ISSUE:**

Request approval of Lease Agreement Between the City of Santa Fe ("City") and the Santa Fe Police Department ("Police Department" and "Lessee") for use of 2.0 acres of land at the Santa Fe Regional Airport ("Airport"). In past years the Police Department has operated a firearms training facility at the Airport without an agreement. This Lease Agreement, if approved, will allow for the Police Department's continued use of the Airport land and for the Airport to come into compliance with Federal Aviation Administration ("F.A.A.") grant assurances, policies and regulations related to Airport revenue.

#### **BACKGROUND AND SUMMARY:**

City owns and operates the Airport in the City of Santa Fe, County of Santa Fe, State of New Mexico. Operations at the Airport are subject to laws, rules, and regulations of the Santa Fe City Code of 1987, Chapter 64 of the New Mexico Statutes Annotated 1978 compilation and F.A.A. grant assurances.

The F.A.A. requires that no tenant at the Airport be given a right not given to all tenants, and that the Airport charge fair market value in rent and use the revenue for airport operations and improvements. On September 29, 2022, the City received a Part 13.1 Complaint Determination letter from the F.A.A. that requires the City to, among other things, enter into a lease with the Police Department for the of the use of 2.0 acres of land with no aeronautical use located at the Airport and to pay rent for 6-years in arrears. This Lease Agreement, if approved, will; 1) bring the Airport into compliance with F.A.A. requirements, 2) allow for the Police Department to continue its operations at the Airport and, 3) permit the Asset Development Division to correct the lease rate to fair market value, if necessary, through an appraisal process.

### **ACTION REQUESTED:**

The Airport Director James Harris respectfully requests your review and approval of Lease Agreement Between the Santa Fe Regional Airport and the Santa Fe Police Department.

#### **Attachments:**

Lease Agreement Summary of Contracts Procurement Checklist Signature: Janes Harris (Apr 7, 2023 11:17 MDT)

Signature: Terry Lease

Email: jcharris@santafenm.gov Email: tjlease@ci.santa-fe.nm.us

Signature: Layla Archuletta—Maestas (Apr 7, 2023 13:23 MDT)

**Email:** lsarchulettamaestas@ci.santa-fe.nm.us

# 23-0207 Santa Fe Police Department - Shooting Range

Final Audit Report 2023-05-03

Created: 2023-05-02

By: Xavier Vigil (xivigil@ci.santa-fe.nm.us)

Status: Signed

Transaction ID: CBJCHBCAABAA\_FbDVGW1xWb4MO2f8os8l30itrtpbR\_o

# "23-0207 Santa Fe Police Department - Shooting Range" History

- Document created by Xavier Vigil (xivigil@ci.santa-fe.nm.us) 2023-05-02 11:03:29 PM GMT- IP address: 63.232.20.2
- Document emailed to Alan Webber (amwebber@santafenm.gov) for signature 2023-05-02 11:04:56 PM GMT
- Email viewed by Alan Webber (amwebber@santafenm.gov) 2023-05-02 11:05:48 PM GMT- IP address: 63.232.20.2
- Document e-signed by Alan Webber (amwebber@santafenm.gov)

  Signature Date: 2023-05-02 11:05:58 PM GMT Time Source: server- IP address: 63.232.20.2
- Document emailed to Kristine Mihelcic (kmmihelcic@santafenm.gov) for signature 2023-05-02 11:06:00 PM GMT
- Email viewed by Kristine Mihelcic (kmmihelcic@santafenm.gov) 2023-05-03 0:46:26 AM GMT- IP address: 104.47.65.254
- Document e-signed by Kristine Mihelcic (kmmihelcic@santafenm.gov)

  Signature Date: 2023-05-03 0:46:46 AM GMT Time Source: server- IP address: 63.232.20.2
- Agreement completed. 2023-05-03 - 0:46:46 AM GMT

