

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, CHIEF FINANCIAL OFFICER,
SUBJECT: APPROVAL OF AIRSPACE LEASE AMENDMENT 04-SON-101-002-05 WITH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION INCREASING INSURANCE REQUIREMENT

AGENDA ACTION: RESOLUTION

RECOMMENDATION

The Finance Department recommends that the Council, by resolution: 1) approve the State of California Department of Transportation's request to amend and increase the City's required Commercial General Liability insurance coverage from \$5 million per occurrence to \$20 million per occurrence for the Airspace Lease Amendment 04-SON-101-0002-05; and 2) authorizes the City Manager, or their designee, to execute the Amendment and make non-substantive changes, subject to approval by the City Attorney. This item requires Council approval by resolution. This item has no impact on current fiscal year budget.

EXECUTIVE SUMMARY

The City of Santa Rosa entered into an Airspace Lease with the California Department of Transportation (Caltrans) in 2010 for Freeway Lease Area SON-101-0002, located in Sonoma County. Caltrans has requested an amendment to increase the required Commercial General Liability (CGL) insurance coverage from \$5 million per occurrence to \$20 million per occurrence. Approval of this amendment ensures continued lease compliance and protects the public and the State from potential liabilities associated with the use of the leased premises.

GOAL

This item relates to Council Goal #1 - Achieve and Maintain Budgeting Excellence and Fiscal Stability by ensuring the City meets updated insurance requirements, thereby reducing potential financial exposure and preserving access to state-managed airspace infrastructure.

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BACKGROUND/PRIOR COUNCIL REVIEW

On April 13, 2010, the City of Santa Rosa entered into Airspace Lease 04-SON-101-0002-05 with the State of California Department of Transportation. The lease provides for the City's use of Freeway Lease Area SON-101-0002 in Sonoma County. Section 10.2 of the original lease agreement requires the City to maintain Commercial General Liability (CGL) insurance coverage of at least \$5 million per occurrence. In 2025, Caltrans reviewed the lease terms and determined that the current insurance minimum was insufficient to protect both the State and the public due to the proximity of transportation infrastructure and public access areas.

ANALYSIS

The amendment proposed by Caltrans is focused solely on revising the required insurance coverage to reflect current liability risk standards. No other changes to the lease are proposed. Increasing the CGL coverage from \$5 million to \$20 million per occurrence aligns with industry norms for public infrastructure and ensures adequate financial protection in the event of a significant liability claim.

Key features of the amendment include:

- CGL insurance requirement increases from \$5 million to \$20 million per occurrence.
- No changes to any other terms or conditions of the existing lease.
- Continued compliance with Caltrans' statewide leasing policy.

Alternatives considered:

- Approve the amendment (recommended): Ensures lease compliance and liability protection.
- Reject the amendment: May result in lease termination or limited use of the site, with associated service and operational impacts.

This amendment does not conflict with any adopted General Plan goals or existing City Council policies.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund. The City will incur an increase in insurance premium costs as a result of the higher coverage requirement. These costs will be absorbed by the Parking Enterprise Fund.

ENVIRONMENTAL IMPACT

The proposed action is not a "project" under CEQA pursuant to CEQA Guidelines Section 15378(b)(4). The action involves only administrative and fiscal decisions related to an existing lease and does not commit the City to any discretionary approval that

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could result in a significant physical impact on the environment.

In addition, the action qualifies for the common sense exemption under CEQA Guidelines Section 15061(b)(3), as it can be seen with certainty that there is no possibility the approval of this insurance amendment, in itself, will have any significant effect on the environment.

Accordingly, no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – State of California Airspace Lease (2010)
- Resolution / Exhibit A – Airspace Lease Amendment 04-SON-101-0002-05

PRESENTER(S)

Alan Alton, Chief Financial Officer