



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JANUARY 28, 2025

FROM: AIRPORT DEPARTMENT WARD: 3

SUBJECT: APPROVE RIVERSIDE MUNICIPAL AIRPORT LEASE AGREEMENT WITH CASH GRADING CONTRACTORS, INC. FOR A FIVE-YEAR TERM, WITH THE FIRST-YEAR LEASE AMOUNT OF \$4,200

ISSUE:

Approve Riverside Municipal Airport Lease Agreement with Cash Grading Contractors, Inc. for a five-year term, with the first-year lease amount of \$4,200.

RECOMMENDATIONS:

That the City Council:

1. Approve Riverside Municipal Airport Lease Agreement with Cash Grading Contractors, Inc. for a five-year term, with the first-year lease amount of \$4,200; and
2. Authorize the City Manager, or designee, to execute the Riverside Municipal Airport Lease Agreement with Cash Grading Contractors, Inc., including making minor and non-substantive changes.

BACKGROUND:

On December 2, 2014, the City Council approved a ten-year Airport Lease Agreement with Cash Grading, Contractors, Inc. for the relocation and placement of two hangars from the Rialto Airport to the Riverside Municipal Airport. The Airport Lease Agreement also included annual CPI increases every August.

On September 18, 2014, the Rialto Municipal Airport closed and agreed to relocate its aircraft hangar tenants to surrounding airports at the City of Rialto's expense. Cash Grading Contractors, Inc. owns two aircraft hangars at Rialto Airport and has agreed to relocate those hangars to Riverside Municipal Airport.

DISCUSSION:

In 2014, Cash Grading Contractors, Inc. entered into a 10-year land lease for two privately owned hangars at Riverside Airport. This lease included one five-year option to extend. Cash Grading Contractors, Inc., would like to exercise the five-year option. This new five-year lease agreement provides for this five-year extension.

Lessee shall pay City a rental amount of Three Hundred and Fifty Dollars (\$350.00) plus Utilities

at fifteen dollars (\$15.00), per month as adjusted annually in August, to reflect the percentage increase, if any, in the Consumer Price Index for All Urban Consumers (CPI-U) for the Riverside-San Bernardino-Ontario Standard Metropolitan Statistical Area ("Index") published by the Bureau of Labor Statistics of the United States Department of Labor.

STRATEGIC PLAN ALIGNMENT:

This Lease Agreement supports Strategic Priority No. 3 *Economic Opportunity* and Goal No. 3.1 – Facilitate partnerships and program to develop, attract and retain innovative business sectors.

This item aligns with *EACH of the Cross-Cutting Threads* of the City's Strategic Plan as described below:

1. **Community Trust** – City Council approval of this Lease Agreement demonstrates the Airport's commitment to the community and Airport users by ensuring transparency.
2. **Equity** – Retaining an established business at the Riverside Municipal Airport benefits the entire community.
3. **Fiscal Responsibility** – This Lease Agreement will continue to generate fair market value rent revenue.
4. **Innovation** – This Lease Agreement demonstrates the City's business - friendly approach to retaining a valued tenant.
5. **Sustainability & Resiliency** – This Lease Agreement will ensure that the Airport is in full occupancy of leasing space and furthering the Airport's sustainability as a self-supporting enterprise fund.

FISCAL IMPACT:

The total fiscal impact is estimated to be \$4,200 in lease revenue during the first year of the term. Revenue will be deposited into the Airport Fund, Storage Hangar Rental account 0000530-346125. Future years revenue will be budgeted during budget development to include any increases related to CPI.

Prepared by:	Daniel Prather, Airport Manager
Approved by:	Daniel Prather, Airport Manager
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Jack Liu, Interim City Attorney

Attachments: Agreement