



City of Arts & Innovation

Transportation Committee

TO: TRANSPORTATION COMMITTEE MEMBERS DATE: JUNE 9, 2016

FROM: GENERAL SERVICES DEPARTMENT WARD: 3

SUBJECT: GROUND LEASE AGREEMENT WITH RAINCROSS FUEL & OIL, INC. DBA RAINCROSS AVIATION SERVICES, FOR DEVELOPMENT OF TWO AIRCRAFT HANGARS WITH ATTACHED OFFICE SPACE - MINIMUM AMOUNT OF \$75,657.60 OVER THE TERM OF THE AGREEMENT - DIRECT SUBMITTAL

ISSUE:

The item for Transportation Committee consideration is a 20-year ground lease agreement, with two (2) 10-year options, with Raincross Fuel & Oil, Inc., dba Raincross Aviation Services to construct two hangars with attached office space at Riverside Municipal Airport.

RECOMMENDATION:

That the Transportation Committee recommend City Council approve a 20-year ground lease agreement, with an initial term ending June 30, 2036 plus two (2) 10-year options, with Raincross Fuel & Oil, Inc. dba Raincross Aviation Services, for approximately 7,881 square feet to construct two hangars with attached office space.

BACKGROUND:

In August 2008, the City and Raincross Fuel & Oil, Inc., dba Raincross Aviation Services (Raincross) entered into a 20-year ground lease agreement for the operation of a self-service aircraft fuel farm. Raincross also leases 246 square feet of office in the Airport Terminal on a month-to-month basis. Raincross is seeking a new ground lease to construct two aircraft hangars with attached office space.

The proposed term of this Ground Lease Agreement (Agreement) will be for 20 years, from July 1, 2016, to June 30, 2036, with two (2) 10-year options. Rent from this Agreement will be \$315.24 per month (\$3,782.88 annually), or a minimum of \$75,657.60 over the term of the Agreement. Annual rent will increase by the current CPI(U), or 2%, whichever is greater. At the end of each term, rent will be renegotiated to then fair market value.

Raincross is one of two aircraft fuel providers at the Airport, offering competitive fuel prices for the general aviation public. Approval of this Agreement will allow Raincross to base additional aircraft at the Airport, adding to the annual aircraft operations and attracting new business to the Airport.

On January 6, 2015, City Council approved an Airport Leasing Program authorizing the Airport to

negotiate short-term leases to attract new business to the Airport. Although the term of this Agreement falls outside the parameters of the Airport Leasing Program, the lease rate of \$315.24 (or \$0.04 per square foot) is within the approved program parameters for rent.

Staff requests that the Transportation Committee recommend City Council approve this Agreement as it is in the best interest of the City to secure long term tenants for the Airport.

FISCAL IMPACT:

There is no fiscal impact to the General Fund. The estimated minimum Airport Fund revenue from the Agreement over twenty years is \$75,657.60, revenue account 0000570-346120.

Prepared by:	Carl Carey, General Services Director
Certified as to the	
Availability of funds:	Scott G. Miller, Interim Finance Director/Treasurer
Approved by:	Marianna Marysheva-Martinez, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachment:	Agreement
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