



*City of Arts & Innovation*

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: JULY 12, 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 REVENUE AMOUNT OF \$75,657.60 OVER THE 20 YEAR TERM**

## **ISSUE:**

The item for City Council consideration is approval of a 20-year Ground Lease Agreement, with two 10 year options, with Raincross Fuel & Oil, Inc., dba Raincross Aviation Services to construct two hangars with attached office space at Riverside Municipal Airport for a minimum amount of \$75,657.60 over the initial 20 year term.

## **RECOMMENDATION:**

That the City Council:

1. Approve a 20-year Ground Lease Agreement with Raincross Fuel & Oil, Inc. dba Raincross Aviation Services with an initial term ending June 30, 2036 plus two (20) 10-year options, for approximately 7,881 square feet to construct two hangars with attached office space for a minimum amount of \$75,657.60 over the initial term; and
2. Authorize the City Manager, or his designee, to execute a Ground Lease Agreement with Raincross Fuel & Oil, Inc. dba Raincross Aviation Services, including making minor and non-substantive changes.

## **TRANSPORTATION COMMITTEE RECOMMENDATION:**

On June 9, 2016, the Transportation Committee met with Chair Davis, Vice Chair MacArthur and Member Andy Melendrez present to consider a 20-year ground lease agreement between City of Riverside and Raincross Fuel & Oil, Inc. dba Raincross Aviation Services. The Transportation Committee voted unanimously to recommend that City Council approve the Ground Lease Agreement.

## **BACKGROUND:**

In August 2008, the City of Riverside (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.

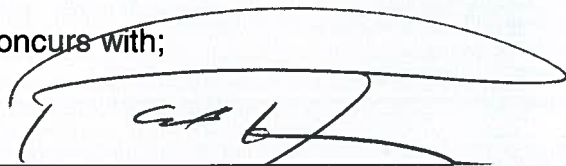
On January 6, 2015, City Council approved an Airport Leasing Program authorizing the Airport to negotiate short-term leases to attract new business to the Airport. Although the term of this Agreement falls outside the parameters of the Airport Leasing Program, the lease rate of \$315.24 (or \$0.04 per square foot) is within the approved program parameters for rent.

**FISCAL IMPACT:**

There is no fiscal impact to the General Fund. The estimated minimum Airport Fund revenue from the Agreement over 20 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

Concurs with;

A handwritten signature in black ink, appearing to read 'Paul Davis', is written over a horizontal line.

Paul Davis, Chair  
Transportation Committee

Attachment: Ground Lease Agreement