



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MARCH 28, 2017

FROM: GENERAL SERVICES DEPARTMENT WARD: 3

SUBJECT: FIRST AMENDMENT TO RIVERSIDE MUNICIPAL AIRPORT GROUND LEASE WITH RAINCROSS FUEL & OIL, INC. DBA RAINCROSS AVIATION SERVICES, TO INCREASE LEASED AREA BY 519 SQUARE FEET AND INCREASE MONTHLY RENT BY \$20.76 PER MONTH TO \$336 - TOTAL ESTIMATED REVENUE OF \$80,640 OVER THE 20 YEAR TERM

ISSUE:

Approve the First Amendment to Riverside Municipal Airport Ground Lease with Raincross Fuel & Oil, Inc. dba Raincross Aviation Services, to increase the leased area by an additional 519 square feet, and increase monthly rent by \$20.76 from \$315.24 to \$336, for a total estimated lease revenue of \$80,640.00 over the 20 year lease term.

RECOMMENDATIONS:

That the City Council:

1. Approve the First Amendment to Riverside Municipal Airport Ground Lease with Raincross Fuel & Oil, Inc., dba, Raincross Aviation Services, to increase the leased property by 519 square feet and increase rent by \$20.76 from \$315.24 to \$336 per month; and
2. Authorize the City Manager, or his designee, to execute the First Amendment to Riverside Municipal Airport Ground Lease with Raincross Fuel & Oil, Inc. dba Raincross Aviation Services, including making minor and non-substantive changes.

BACKGROUND:

On July 12, 2016, the City Council approved a 20-year ground lease with Raincross Fuel & Oil, Inc., dba, Raincross Aviation Services (Raincross) to construct two (2) hangars with associated office space.

DISCUSSION:

During the design phase of this hangar project, Raincross determined the need for a larger facility to accommodate larger aircraft and seeks to increase the leased area by an additional 519 square feet.

Upon approval of a First Amendment, the total square footage included in the ground lease will increase by 519 square feet to a total of 8,400 square feet. Rent under this amendment will increase by \$20.76 per month to a total of \$336. The rental rate for this ground lease will be \$0.04 per square foot per year. A recent survey of rental rates for improved land at surrounding airports range between \$0.03 and \$0.06 per square foot per year.

Rent is subject to an annual Consumer Price Index increase, or 2%, whichever is greater.

FISCAL IMPACT:

There is no fiscal impact to the General Fund. Upon approval of the First Amendment to increase leasable area and rent, the estimated Airport Fund Revenue over the Agreement term is approximately \$80,640 to be deposited to Airport Building & Ground Rental account 0000530-346120.

Prepared by:	Carl Carey, General Services Director
Certified as to	
Availability of funds:	Scott G. Miller, Ph.D., Chief Financial Officer/City Treasurer
Approved by:	Marianna Marysheva, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachment:	First Amendment to Riverside Municipal Airport Ground Lease with Raincross Fuel & Oil
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