



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 15, 2018**

FROM: GENERAL SERVICES DEPARTMENT **WARD: 3**

SUBJECT: LEASE AGREEMENT WITH MARTINI ADAMSON PARTNERSHIP, DBA NEXTGEN FLIGHT ACADEMY FROM REQUEST FOR PROPOSALS NO. 1752 FOR APPROXIMATELY 7,800 SQUARE FEET OF OFFICE AND HANGAR SPACE FOR A FIVE YEAR TERM WITH TWO FIVE YEAR OPTIONS TO EXTEND

ISSUES:

Approve a Lease Agreement with Martini Adamson Partnership, dba NextGen Flight Academy from Request for Proposals No. 1752 for approximately 7,800 square feet of office and hangar space for a five (5) year term with two five (5) year options to extend.

RECOMMENDATIONS:

That the City Council:

1. Approve a Lease Agreement with Martini Adamson Partnership, dba NextGen Flight Academy, from Request for Proposals No. 1752 for approximately 7,800 square feet of office and hangar space for a five year term with two five year options to extend; and
3. Authorize the City Manager, or his designee, to execute the Lease Agreement, including making minor and non-substantive changes.

BACKGROUND:

In June 2017, Flying Kolors Aero Paints, an aviation paint shop, closed due to the owner's retirement, vacating a hangar with approximately 6,600 square feet of available floor space, and an attached office space of approximately 1,200 square feet. The hangar is located mid-field on the Airport, just west of the Air Traffic Control Tower.

RFP No. 1752

With no immediate waiting list for office and hangar space, staff issued Request for Proposals (RFP) No. 1752 Hangar/Office Space Available on February 2, 2018. The RFP was developed by the General Services Department/Airport Division, and was posted on Purchasing's Active

Bidder portal from February 2, 2018 through March 1, 2018. One proposal was received, from Martini Adamson Partnership, dba NextGen Flight Academy.

The Proposal was evaluated by staff from the General Services Administration and Airport Divisions for adherence to all requirements, using the following criteria:

- Detailed description of the best aviation use of the facility and value to the City.
- Experience (Projects of similar size and scope).
- Professional References

After careful review, the evaluators rated the Proposal received from Martini Adamson Partnership, dba NextGen Flight Academy as excellent, meeting or exceeding the requirements set forth in RFP No. 1752.

DISCUSSION:

Per the terms of the Agreement, the proposed lease with NextGen Flight Academy is for a five (5) year term with two five (5) year options to extend.

In exchange for long term stability, and in consideration of tenant improvements with a value of approximately \$30,000, staff is proposing a 50% rent concession of \$1,600 per month for the first 18 months. Staff has negotiated the rent to be \$3,200 per month beginning in month 19 of the lease.

Monthly Rent of \$1,600 (Months 1 - 18)	Monthly Rent of \$3,200 (Months 19 – 60)	Total Rent (Initial 5 –Year Term)
\$28,800	\$134,400	\$163,200

Paragraph 6 of the proposed Agreement provides that upon the expiration of the initial five (5) year term, the Tenant may extend the lease for two (2) additional five (5) year terms, with rent renegotiated at each term.

Under the terms and conditions of the Agreement, the rental amount shall be adjusted annually by the Consumer Price Index (CPI(U)), or 2%, whichever is greater and any incremental monthly rental increase in the following years. The initial five (5) year term will generate estimated lease revenue in the amount of \$163,200 to the Airport Fund, not including annual CPI(U) increases.

Council approval is requested due to the term and rates exceeding the parameters of the Master Airport Leasing Program. Staff recommends approving this lease agreement as it is in the best interest of the City to secure long term tenants providing aviation services that will continue to attract additional business to the Airport.

The Purchasing Manager concurs that the recommendation to award is in compliance with Purchasing Resolution 23526.

FISCAL IMPACT:

The fiscal impact of this action is \$163,200 in lease revenue for the initial five (5) year lease period, plus annual CPI(U) increases. All revenues generated will be deposited in the Airport Building & Ground Rental account 0000530-346120.

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

Attachments:

1. RFP Award Recommendation
2. Martini Adamson Partnership, DBA, NextGen Flight Academy Lease