



*City of Arts & Innovation*

# Airport Commission

**TO: HONORABLE COMMISSIONERS** **DATE: JUNE 13, 2018**

**FROM: GENERAL SERVICES DEPARTMENT**

**SUBJECT: GROUND LEASE AGREEMENT WITH MARTINI ADAMSON PARTNERSHIP, DBA NEXTGEN FLIGHT ACADEMY, INC. TO DEVELOP UP TO 18 ACRES OF AIRPORT PROPERTY**

## **ISSUE:**

Recommend the Development Committee review and forward to the City Council for approval a Ground Lease Agreement with Martini Adamson Partnership, dba NextGen Flight Academy, Inc. to develop up to 18 acres of Airport property.

## **RECOMMENDATION:**

That the Airport Commission recommend the Development Committee review and forward to the City Council for approval a Ground Lease Agreement with Martini Adamson Partnership, dba NextGen Flight Academy, Inc. to develop up to 18 acres of Airport property.

## **BACKGROUND:**

In February 2006, the City entered into an agreement with Riverside Aviation One, LLC for the development of approximately 18 acres of Airport property. Over the course of three (3) years, the approved developer installed the underground infrastructure and began construction of several aircraft hangar pads. In 2007/2008, the national economy declined and the project was temporarily suspended. Subsequent negotiations between the City and the developer failed to yield positive results to salvage the project, at which point the project was terminated.

In Spring 2015, staff issued Request for Proposals (RFP) No. 1502 for the development of the same parcel of land. After several months of negotiations between the developer and prospective tenants, no formal agreement between the City and the proposer was executed and the project was terminated.

## **DISCUSSION:**

In December 2017, Staff issued RFP No. 1762 seeking proposals to develop up to 18 acres of

Airport property. The RFP was developed by the General Services Department/Airport Division, and was posted on Purchasing's Active Bidder portal from December 6, 2017 to February 15, 2018. One (1) response was received from Martini Adamson Partnership, dba NextGen Flight Academy, Inc. (Proposer).

The Proposer anticipates developing all 18 acres over the course of an approximately three (3) year period. The project will occur in multiple phases, with a minimum of 3 acres of land developed per phase. The project will consist of a Fixed Based Operator, fuel farm and up to 130 aircraft hangars.

Additional terms of the agreement are as follows:

- Incremental construction will be based on occupancy of hangars built in each previous phase.
- The Airport has provided the Proposer with the names and contact information of individuals on the Airport's hangar waiting list. As of April 2018, the list includes approximately 76 aircraft owners seeking a hangar.
- The Proposer has teamed with an internationally recognized airport design consultant to provide all design and project management services necessary.
- The Airport has proposed assuming long-term maintenance responsibility for all developed land not directly providing revenue to the Proposer. Through absorbing maintenance responsibility for the developed land, the Airport ensures success of the project by eliminating long-term costs associated with pavement maintenance, lighting and signage. Under this arrangement, the Airport will be eligible to use federal and state grants to cover up to 95% of the costs for long-term maintenance.

Estimated annual revenue after the complete build-out (18 acres) will be approximately \$9,600 per month, or \$115,000 per year. The initial agreement will be for a 20 year period, with two (2) – ten (10) year options. The initial term of the agreement will generate approximately \$2.3 million to the Airport fund.

### **FISCAL IMPACT:**

The fiscal impact of this action is approximately \$115,00 in annual lease revenue upon complete build-out. All revenues will be deposited into account number 0000530-346120.

Prepared by: Kim Ellis, Airport Manager  
Approved by: Carl Carey, General Services Director  
Approved by: Marianna Marysheva, Assistant City Manager

Attachment: Agreement