



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JANUARY 8, 2019**
FROM: GENERAL SERVICES DEPARTMENT **WARD: 3**
SUBJECT: APPROVE AN UPDATE TO THE AIRPORT LEASING PROGRAM FOR CITY-OWNED PROPERTY AT THE RIVERSIDE MUNICIPAL AIRPORT - RESOLUTION

ISSUE:

Approve an update to the Airport Leasing Program for City-owned property at the Riverside Municipal Airport.

RECOMMENDATIONS:

That the City Council:

1. Approve an update to the Airport Leasing Program for City-owned property at the Riverside Municipal Airport;
2. Authorize the City Manager, or his designee, to make minor and non-substantive changes to the Airport Leasing Program, as necessary; and
3. Adopt the attached Resolution authorizing the General Services Director and Airport Manager to negotiate and execute certain rental and lease agreements on behalf of the City of Riverside.

BACKGROUND

The Riverside Municipal Airport (Airport) routinely solicits for, and negotiates new leases and agreements in order to ensure new and continuous revenue sources for the Airport. In order to attract new business and remain competitive, the City Council approved Resolution 18919 on May 28, 1996, authorizing the Airport to negotiate certain incentives into short-term (one year or less) leases.

On January 6, 2015, the City Council repealed Resolution 18919 and approved Resolution 22788, a new leasing program that established pre-defined parameters that allow the Airport Manager to negotiate rent, terms, incentives, maintenance responsibilities, and other lease parameters to streamline the lease execution process.

DISCUSSION

The Airport currently has 158 existing leases. These leases consist of 17 aircraft tie-downs, 97 hangars, 23 commercial office/hangar agreements, and 21 commercial ground leases. Historically, the Airport has had the ability to negotiate leases in order to attract new business and remain competitive.

Subject to City Council approval, this updated leasing program continues the authority for the Airport Manager to negotiate rent, terms, incentives (such as rent concessions in exchange for tenant improvements), maintenance responsibilities and other factors with prospective tenants. City Council approval will also delegate authority to the General Services Director, the Deputy General Services Director and the Airport Manager to execute month-to-month agreements. All leases and other agreements with terms beyond a month-to-month period (i.e. all long-term agreements), will continue to be approved by City Council.

Airport Lease Rates

The Airport was recently the subject of an external audit. One of the audit recommendations was to conduct a survey to determine flexibility in raising existing lease rates. A recent survey of surrounding general aviation airports confirmed that the proposed lease rates will continue to be commensurate with regional airports for office space, hangars, aircraft tie-downs and land to ensure that the Airport remains competitive. It should be noted that the Airport currently enjoys a 100% occupancy rate for aircraft hangars and a 99% occupancy rate for office space.

Lease rates established by this action reflect a 10% increase to existing rates as recommended by the recent audit. New rates have also been included for new categories within the leasing program for unimproved land for commercial use, and improved land for non-commercial use. Lease rates approved by the action will apply only to new tenants.

FISCAL IMPACT:

All revenues received as a course of this action will be deposited into the appropriate Airport revenue accounts and used for on-going maintenance and other improvements at the Airport.

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| Prepared by: | Carl Carey, General Services Director |
| Certified as to | |
| Availability of funds: | Edward Enriquez, Chief Financial Officer/City Treasurer |
| Approved by: | Moises Lopez, Deputy City Manager |
| Approved as to form: | Gary G. Geuss, City Attorney |

Attachments:

1. Exhibit A - Airport Rates and Charges
2. Resolution