



AGENDA REPORT
NEW BUSINESS
April 3, 2023

To: Airport Committee

FROM: Dan Cummings, City Manager

SUBJECT: **2023 AIRPORT LAND LEASE RATES**

DATE: April 1, 2023

PROPOSED MOTION:

I MOVE THAT THE AIRPORT COMMITTEE RECOMMEND THE CITY COUNCIL TO APPROVE THE 2023 AIRPORT LAND LEASE RATES AS SHOWN AND DESCRIBED ON THE ATTACHED RATE SHEET.

SUMMARY:

It has been determined that the current base land lease at \$0.1694 per square foot does not work well with large land lease areas as it can deter development at the airport and a reduction in base fee rate on the size of the land lease area is needed to help in making it reasonable for large development.

BACKGROUND:

In the past, the city has charged the same price per square foot for small or large plots with no consideration for the size of the land area surrounding the structure(s), which can be a deterrent in large development at the Airport.

CURRENT SITUATION:

It has been determined that an adjustment in the lease rate for large land leases (building footprint to remain the same) is needed to help development at the Airport and is being printed in the attached rate sheet for review and recommendation for approval.

ANALYSIS:

- A. **STRATEGIC PLAN** By providing a variable land lease rate, this fits into the City Council Strategic Plan for Growth of the community.
- B. **FINANCIAL** Adjustment of the lease rates can help in development at the airport, leading to new revenue for the airport.
- C. **TIMING** Timing is essential as staff are working on two large leases at this time and an approved lease rate is needed to help keep things uniform for all the airport operations.

- D. **POLICY/LEGAL** The City Council is the approving body for fee resolutions at the airport, with the council relying on the Airport Committee for recommendations.

ALTERNATIVES:

Could leave the current lease rate the same for any size of land area.

RECOMMENDATION:

Staff recommends the Airport Committee send a favorable recommendation to approve the 2023 Airport Land Lease Rates,

ATTACHMENTS:

1. 2023 Airport Land lease Rates

Ontario Airport Land Lease Rates 2023

1. Land Lease from 0 to 43,560 square feet (1 acre) shall be at \$0.1694 per Sq. Ft includes buildings footprints per year.
2. Land lease from 43,561 square feet to 239,580 square feet (5.5 acres) per \$0.11/ Sq. Ft. and \$0.1694 per Sq. Ft. for any Building footprints per year as stated below.
3. Land lease from 239,581 square feet to 435,600 square feet (10 acres) shall be at \$0.09 per Sq. Ft. and \$0.1694 per Sq. Ft. for any Building footprints per year as stated below.
4. Land lease from 435,601 square feet and up shall be at \$0.07 per Sq. Ft. and \$0.1694 per Sq. Ft. for any Building footprints per year as stated below.
5. Recreational area shall be as follows:
 - A. Total Site area shall be at \$0.05 per Sq. ft per year, and,
 - B. Main Event area (area that the event covers excluding parking area as defined in lease) shall be at \$0.12 per Sq. Ft. per year, and,
 - C. Any Building area (as defined below) shall be at \$0.1694 per Sq. Ft. per year.
 - D. The Main Event area and any Building footprint area square feet shall be subtracted from the Total site area before rent is calculated for the total site land area.

Base Rent. Subject to the terms and conditions contained in a Lease, Tenant will pay Landlord guaranteed minimum annual base rent, without offset, in the amount stated above per square foot), (per year) ("Base Rent"). Base Rent is payable annually in advance of each year on or before the 30th day of June without invoice from Landlord. Tenant's first payment of Rent is due and payable on the Effective Date of the lease. Base Rent will be prorated with respect to any partial year in which the Lease Term commences and ends. Base Rent will be payable to the order of Landlord at the address shown in the lease or any other address designated by Landlord from time to time. For large lease areas the city may provide the option of paying in quarterly payments if agreed by the city and defined in the lease.

Base Rent Escalation. Notwithstanding anything contained in a Lease to the contrary, it is mutually understood and agreed between the parties hereto that the rental amount may be adjusted upward or downward annually in the sole discretion of the Common Council of the City of Ontario. Such adjustment may be made in any year and shall be effective for the balance of the lease term or until further adjustment, if any. Any increase in rent shall not exceed the percentage increase in the Consumer Price Index for Oregon for the previous year. Adjustments to the rent shall not be made more frequently than one adjustment per year and each yearly adjustment shall not be an amount greater than 6% of the then existing rent.

Building Footprint. A building footprint shall mean the area of the foundation or outside wall, of any structure that has at least 3 sides (includes lean-to's) that is used for any purpose. (such as, but not limited to office building, hangers, storage building/sheds). For rent purposes the square footage of all structures (foundation dimensions/outside walls) with a base land area rate stated above shall be subtracted from the overall site land area prior to calculating the site land area rent. (such as a site that is 43,560 square feet that has a 10,000 square feet structure on it will pay the building footprint price stated above for the 10,000 square feet and then the 10,000 square feet will be subtracted from the 43,560 square feet site area, for a site land area of 33,560 calculate by the rent fee stated above).

Example: Site footprint is 512,003 square feet (11.75 Ac) minus the building footprint of 7,223 Sq. Ft. = 504,783 Sq. Ft land area site at \$0.09/Sq. Ft. = \$35,334.81 plus Building footprint of 7,223 Sq. Ft. at \$0.1694 = \$1,223.58 for a total yearly rent of \$36,558.39.