

TO: Thomas Frutchey, City Manager

FROM: Dick McKinley, Director of Public Works

SUBJECT: Airport Lease Policy and Market Rent Analysis

DATE: February 16, 2016

NEEDS: For City Council to consider the recommendation from the Airport Advisory Committee to receive and file the Leasing Policy and Market Rent Analysis created by Michael Hodges of Airport Business Solutions as part of the Airport Business Improvement Plan.

FACTS:

1. After competitive selection by a committee that included representatives of the staff, Council and Airport Advisory Committee, the City contracted with Airport Business Solutions to prepare a Leasing Policy and Market Rent Analysis as item number 2 of the Short Term Work Objectives of the Airport Business Improvement Plan.
2. The Leasing Policy and Market Rent Analysis were created to provide tools for staff to use in negotiating and managing leases at the airport. The documents are prospective in nature and have no impact on the many existing leases at the airport. Further, the documents have no impact on existing subleases at the airport.
3. At the January 28, 2016 meeting of the Airport Advisory Committee, the members voted unanimously, upon recommendation from the subcommittee consisting of Phil Corman and Ed Surber, to ask the City Council to receive and file the two documents.
4. The two documents can be located on the City's website at:

<http://www.prcity.com/government/departments/publicworks/airport/pdf/Airport-Leasing-Policy-PublicDraft.pdf>

<http://www.prcity.com/government/departments/publicworks/airport/pdf/MarketRentAnalysis.pdf>
5. Prior to formal Council adoption of these policies and rates, a business based feasibility evaluation would be informative. Such an evaluation would test the application of the lease policies and rates, and determine the ability to secure financing in our local market.

ANALYSIS &

CONCLUSION: The Airport Advisory Committee, in making the recommendation to receive and file the documents is not recommending that Council reject the

documents, or that they adopt the documents. Until such time as there are leasing policy and market rent analysis documents that are adopted by the City Council, staff will continue to use the best information available when negotiating a new lease or a lease extension at the Paso Robles Airport.

POLICY

REFERENCE: Airport Business Improvement Plan, September 2013

FISCAL

IMPACT: None

OPTIONS:

- a. Receive and file the Leasing Policy and Market Rent Analysis documents.
- b. Receive and file the Leasing Policy and Market Rent Analysis documents, and support the preparation of a business feasibility evaluation for Council's future consideration.
- c. Amend, modify, or reject the above options.
- d. Take no action.