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# CITY OF OCALA

## CITY COUNCIL REPORT

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Council Meeting Date: 12/15/20

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Subject: Ground Lease between City and Worldwide Alliance, LLC with annual first year revenue of \$6,227

Submitted By: Matt Grow

Department: Aviation

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**STAFF RECOMMENDATION** (Motion Ready): Approve Agenda Item (ID # 15281) ground lease at Ocala International Airport with Worldwide Alliance, LLC providing annual revenue of \$6,227

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**OCALA'S RELEVANT STRATEGIC GOALS:** Fiscally Sustainable

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**PROOF OF PUBLICATION:** N/A

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**BACKGROUND:**

Worldwide Alliance, LLC is the flight department for Global Pictures Media, LLC. They work closely with the film industry by marketing and financing films. The flight department has been a tenant of Sheltair Aviation for several years now, starting off with a Cessna 421, upgrading to a Citation jet, and now considering a Falcon jet.

To facilitate the development, Worldwide Alliance proposes to lease a portion of airport property for 40 years, and will construct the improvements at their own expense. There are sixteen other corporate "ground leases" on the Ocala Airport, all similar to the lease proposed with Worldwide Alliance.

While the revenue received by the Airport from the ground lease is relatively small, the investment into the airport by the tenant is significant. The tenant desires to begin construction as soon as possible.

Airport staff assisted Worldwide Alliance in choosing the best location for the hangar, ensuring consistency with the Airport Master Plan. The Airport Board supports the development, recently approving the lease at its December 10th meeting.

**FINDINGS:**

- Worldwide Alliance, LLC is a corporate tenant of Sheltair Aviation operating a Citation jet, and looking to expand to a Falcon jet. They desire to have their own flight department and hangar at the Ocala Airport.
- The lease is based on the current, standard ground lease with rates established by an appraisal conducted in 2015 and adjusted for inflation.
- Lease parcel is 1.19 acres, and the hangar size will be close to 100' x 120'.
- The lease has a 30 year lease term, with two optional 5 year extensions, for a total of 40 years.

**APPRAISAL and RATE INFORMATION:**

- A May 2015 airport appraisal determined parcel value between \$0.15 and \$0.18 per sq.ft. for developable (hangar footprint) land, and \$0.05 per sq.ft. for apron and other open areas. When accounting for CPI inflation, the Worldwide parcel is established at \$0.211 per sq.ft. under building footprint, and \$0.052 per sq.ft. for apron and other open areas. Calculating the annual rent was conducted in the following manner:

**Parcel 1 (hangar): 22,215sq.ft. x \$0.211 = \$4,687.49**

**Parcel 2 (apron): 19,166sq.ft. x \$0.052 = \$ 996.65**

**Parcel 3 (parking): 10,454sq.ft. x \$0.052 = \$ 543.63**

**Total annual = \$6,227.77**

**FISCAL IMPACT:**

Lease year one annual revenue is \$6,227 in account 451-362-000-000-02-36121.

Beginning January 2022, the lease rate increases 3% annually for the duration of the lease term.

**PROCUREMENT REVIEW:**

The lease has been reviewed and approved in compliance with the City's procurement policies.

**LEGAL REVIEW:** The lease has been reviewed and approved for form and legality by City Attorney, Robert W. Batsel Jr.

**ALTERNATIVE:**

Deny the request.

**SUPPORT MATERIALS:**

sketch (PDF)

Sunbiz (PDF)

Worldwide Lease Clean (PDF)