
CITY OF OCALA
CITY COUNCIL REPORT

Council Meeting Date: 01/20/15

Subject: Amended and restated Ground Lease btwn Red Rover and City of Ocala

Submitted By: Matt Grow

Department: Aviation

STAFF RECOMMENDATION (Motion Ready): Approve Agenda Item (ID # 7709) Amended and Restated Ground Lease Between Red Rover, Inc and City of Ocala

OCALA'S RELEVANT STRATEGIC GOALS: Necessary Administrative Process

PROOF OF PUBLICATION:

BACKGROUND:

Red Rover Inc. approached staff with a request to extend their ground lease with the City of Ocala to account for capital improvements made to their facility. These improvements totaled over \$300,000 and included installing a new, larger hangar door as well as meeting the 2009 EPA deadline to replace underground fuel storage tanks with above ground fuel storage tanks.

Red Rover is the only non-Fixed Based Operator tenant that has a fuel farm as part of their leasehold. As part of a self fueling policy approved in 2007, The City instituted a moratorium on any new permanent airport fuel farm facilities other than by retail fuel service providers.

The original Red Rover lease expires in 2021, and removal of the fuel farm was not specified in that original lease agreement. The proposed amended and restated agreement clearly states that the removal of the fuel farm facility and all appurtenances will occur at the expiration of the amended and restated ground lease agreement.

The Airport Board at its January 8th 2015 meeting unanimously recommended that the Ocala City Council approve the proposed amended and restated ground lease agreement.

FINDINGS:

1. Lease expiration moved from September 30, 2021 to September 30, 2029. (Additional 8 years)
2. Current lease rate escalation language updated to reflect new standard as written by City Attorney and effective immediately.
3. Lease rate in 2021 established by City through appraisal of property.
4. Fuel flowage fee updated to reflect rate established in Airport Minimum Standards, as amended. Currently established at \$0.065 per gallon.

CONCLUSIONS:

The 8 year increase in the term allowed Staff to negotiate and update language, fees and requirements that were outdated in the old lease. Specifically, detailing the removal of the permanent fuel farm facility in the new agreement is a highly desirable event

FISCAL IMPACT:

No substantial changes. Fuel flowage fee increased from \$.035 to \$.065 may provide an additional \$900 (\$1,800 total) annually. No change in the annual ground lease payment other than CPI based annual escalation, with possible significant increases in the year 2021 when rate established by appraisal.

LEGAL REVIEW: The contract has been reviewed and approved for form and legality by the Assistant City Attorney, W. James Gooding.

ALTERNATIVE:

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SUPPORT MATERIALS:

2001 Red Rover lease (PDF)

Proposed 2015 Red Rover Lease 01-13-15 clean (DOCX)