



Legislation Text

File #: 2024-0090, **Version:** 1

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Presentation By: Matthew Grow

Department: Aviation

STAFF RECOMMENDATION (Motion Ready):

Approve Lease Amendment No.1 with Elevation89, LLC, to facilitate dining room expansion, additional term, and additional rent of approximately \$12,000 annually

OCALA'S RELEVANT STRATEGIC GOALS:

Economic Hub, Quality of Place

PROOF OF PUBLICATION:

N/A

BACKGROUND:

On June 15, 2021, City Council approved an Airport Terminal Lease for Restaurant Space (the "Lease Agreement") with Elevation 89, LLC ("E89") for the build-out and operation of restaurant space within the recently constructed General Aviation Terminal Building. E89 opened for business October 2021 and has experienced significant growth. From January through August 2023 growth is 44 percent over the same period from 2022.

E89 is experiencing long lines and wait times during weekends and expects greater traffic when the equestrian season begins in November. As a result, E89 has requested to expand its dining area into the meeting space it currently utilizes for special events.

Separated by a collapsible partition wall, the meeting space is about 400 sq. ft. and is shared between Airport Administration and E89. Both entities can book the room; however, E89 coordinates most reservations (almost 80 percent of the room's activity is attributed to E89). Aviation entities such as the Ocala Civil Air Patrol (CAP), the Ocala Chapter of the Experimental Aircraft Association (EAA), the Ocala Flight Simulator Club (FSC), and the Airport Advisory Board (AAB) also use the space monthly.

Currently, the partition wall is nearly always closed. Under E89's proposed use, the partition will be opened, and the room renovated to match the décor of the current restaurant space to include tables, chairs, and lighting. E89 estimates expenses will be \$30,000.

The additional floor space will accommodate 40 extra seats.

FINDINGS AND CONCLUSIONS:

- Without additional seating capacity, E89 believes there will be people waiting in the lobby of the terminal.
- The new space facilitates an additional 40 seats.
- The tenant will make minor modifications to accommodate the transition.
- The lease amendment adds Meeting Space #2 to the restaurant premises.
- Increases the lease term an additional five years, with new expiration now June 30, 2031.
- Preserves monthly meetings for aviation entities.
- All use of the room will now be controlled by E89, which already books about 80 percent of the reservations for the room. However, the lease amendment preserves the use of the room without cost for the aviation entities currently enjoying its use (CAP, EAA, OFSC, and AAB).

FISCAL IMPACT:

E89 currently pays 4 percent of its gross revenue as rent.

The estimated rent paid in 2023 under the current floorplan is approximately \$68,500, equating to about \$34 per sq. ft. (modified NNN, E89 pays its own utilities).

Forty additional seats are projected to generate additional rent of between \$12,000 and \$24,000 annually in account 451-362-000-000-02-36119.

PROCUREMENT REVIEW:

This agreement has been reviewed in compliance with the City's Procurement Policy.

LEGAL REVIEW:

This Amendment will be reviewed and approved for form and legality by City Attorney, William E. Sexton.

ALTERNATIVE:

- Approve with Changes
- Table
- Deny