



City Council Meeting May 14, 2024 Item No. 4 Staff Report

**BOULDER CITY
CITY COUNCIL**

**MAYOR
JOE HARDY**

COUNCIL MEMBERS:
COKIE BOOTH
MATT FOX
SHERRI JORGENSEN
STEVE WALTON



MEETING LOCATION:
CITY COUNCIL CHAMBER
401 CALIFORNIA AVENUE
BOULDER CITY, NV 89005

MAILING ADDRESS:
401 CALIFORNIA AVENUE
BOULDER CITY, NV 89005

WEBPAGE:
WWW.BCNV.ORG



ACTING CITY MANAGER:
MICHAEL MAYS, AICP

CITY ATTORNEY:
BRITTANY LEE WALKER, ESQ

CITY CLERK:
TAMI MCKAY, MMC, CPO

COMMUNITY DEVELOPMENT DIRECTOR:
MICHAEL MAYS, AICP

ACTING PUBLIC WORKS DIRECTOR:
JIM KEANE, PE

UTILITIES DIRECTOR:
JOSEPH STUBITZ, PE

POLICE CHIEF:
TIM SHEA

ACTING FIRE CHIEF:
GREG CHESSER, CFO

FINANCE DIRECTOR:
CYNTHIA SNEED, CPA, CGFM

PARKS & RECREATION DIRECTOR:
JULIE CALLOWAY, CPRP

TO: Michael Mays, Acting City Manager

FROM: Marissa Adou, Airport Manager

DATE: May 14, 2024

SUBJECT:

Matters pertaining to airport ground leases expiring on November 30, 2028:

A. Introduction of Bill No. 2031, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478L (TW1-16) amending lease agreement between the City of Boulder City and Houge Partners, LLC to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

B. Introduction of Bill No. 2032, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478I (TW1-18) amending lease agreement between the City of Boulder City and Quail Run Properties LP to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

C. Introduction of Bill No. 2033, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478F (TW1-20) amending lease agreement between the City of Boulder City and Sharon T. Peterson Trust to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

D. Introduction of Bill No. 2034, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478F (TW1-22) amending lease agreement between the City of Boulder City and Peterson Family Survivors Trust to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

E. Introduction of Bill No. 2035, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478H (TW1-24) amending lease agreement between the City of Boulder City and Thomas Palmer and Angela Palmer to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

F. Introduction of Bill No. 2036, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478G (TW1-26) amending lease agreement between the City of Boulder City and The Hickey Living Trust to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

G. Introduction of Bill No. 2037, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478J (TW2-15) amending lease agreement between the City of Boulder City and Eldrige Johnson to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

H. Introduction of Bill No. 2038, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478H (TW2-17) amending lease agreement between the City of Boulder City and Matt or Laura Ragan to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

I. Introduction of Bill No. 2039, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-482E (TW2-18) amending lease agreement between the City of Boulder City and Theresa McNish to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

J. Introduction of Bill No. 2040, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478F (TW2-19) amending lease agreement between the City of Boulder City and Sharon T. Peterson Trust to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

K. Introduction of Bill No. 2041, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-482D (TW2-20 & 3-19) amending lease agreement between the City of Boulder City and Richard L. & Jill M. Besse to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

L. Introduction of Bill No. 2042, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478F (TW2-21) amending lease agreement between the City of Boulder City and Peterson Family Survivors Trust to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

M. Introduction of Bill No. 2043, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-482F (TW2-22) amending lease agreement between the City of Boulder City and Jetstream Aviation, LLC to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

N. Introduction of Bill No. 2044, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-482F (TW2-24 & 3-23) amending lease agreement between the City of Boulder City and Quail Run Properties II, Inc. to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

O. Introduction of Bill No. 2045, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478K (TW2-25) amending lease agreement between the City of Boulder City and Curtis Campi to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

P. Introduction of Bill No. 2046, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-482G (TW2-26 & 3-25) amending lease agreement between the City of Boulder City and K4M LLC to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

Q. Introduction of Bill No. 2047, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-482D (TW3-21) amending lease agreement between the City of Boulder City and INMOTION MEDIA GROUP, LLC to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

R. Introduction of Bill No. 2048, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-507H (TW3-45) amending lease agreement between the City of Boulder City and Wallasch Family Trust UTA to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

S. Introduction of Bill No. 2049, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-479G (TW4-39) amending lease agreement between the City of Boulder City and Dev One Nevada to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

T. Introduction of Bill No. 2050, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-478H (PADS 10, 11, 12) amending lease agreement between the City of Boulder City and Boulder City Condominium Owners Association to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

U. Introduction of Bill No. 2051, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-483D (PAD 2) amending lease agreement between the City of Boulder City and BCA Hangar No. 2 Association to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

V. Introduction of Bill No. 2052, an ordinance of the City of Boulder City, Nevada approving Lease Agreement No. 98-483D (PAD 3) amending lease agreement between the City of Boulder City and BCA Hangar No. 3 Association to amend and restate the agreement and extend the term of the agreement for a period of 10 years with one 10-year renewal option

Business Impact Statement:

This action will not have a significant economic impact on business and will not directly restrict the formation, operation, or expansion of a business.

Action Requested: That a City Council member consider introducing Bill Nos. 2031-2052 to amend and restate the above listed agreements and extend the term of the agreements for a period of 10 years with one 10-year renewal option and waive the reading except for title.

Overview:

- Twenty-Six City Ground Lease Agreements at the Municipal Airport are set to expire on November 30, 2028
- On July 11, 2023, City Council provided direction to extend the current lease agreements and provided direction on many key terms for the expiring leases.
- On August 8, 2023, City Council provided further direction on the remaining key terms for the lease extension.
- On August 25, 2023, City Council provided confirmation on the ground lease rate, extension fee, and assignment fee.

Background Information:

The above stated lease agreements govern 22 of 26 lease agreements at the Municipal Airport in which 62 hangars were constructed in 1998. The lease terms for these agreements are set to expire on November 30, 2028.

The Council recently directed staff to draft amended and restated leases extending the current term.

These bills would amend and restate the lease agreement with each tenant and extend the term of the agreement 10 years with one 10-year renewal option. The initial lease rate was set by City Council at \$0.55 per square foot with a one-time extension fee if the current lease rate exceeded the \$0.55 rate.

Three of the agreements associated with this group have lease compliance issues that must be resolved. These three agreements will be brought to City Council once resolved.

Life-Safety Representative:

During the construction of this group of hangars it was decided the hangars would all be on one fire alarm system (FACP) to reduce monthly costs to the hangar owners. The fire alarm system installed is comprised of heat detectors, fire pulls, smoke detectors and horn strobes on each of the buildings. All of these devices are connected to one central panel located in within a climate-controlled room connected to the restroom facility within this group of hangars.

The City agreed in 1999 to facilitate the collection of fees and paying of services. Ultimately, it is the responsibility of the hangar owners and users to provide for monitoring, maintaining, and repairs to the fire alarm system. The fee at that time was established at \$5.00 per month per hangar.

The tenants choose to continue having the City continue to facilitate the collection of fees and paying of services.

Over the past 24 year the ground leases have been in place the City has performed more than just collection of fees and paying of services in conjunction with the FACP for this group of hangars. The FACP must be inspected annually and requires the testing of the devices associated with the system. There are expenses for phone lines, batteries, service calls, HVAC servicing and replacement, and coordinating the periodic replacement of non-functional devices.

The City does not currently have a mechanism in place in which to pass along the costs to the tenant for these items, which are the responsibility of the tenant as these are direct costs associated with their collective facility maintenance. The City has developed a fee schedule that is to cover the cost of services. This fee schedule is included as a part of this staff report and if the leases are approved, City Staff would recommend the adoption of this fee schedule by resolution along with the consideration of the lease agreements.

Financial:

The annual per square foot ground rate for the lease extension is a rate that is an average of all 111 current ground lease rates. Any lease that has a current rate higher than the average rate will pay a one-time extension fee based on the square footage of the leased premises: $\text{Current Rate} - \text{Average Rate} \times \text{Leased Premises Square footage} = \text{Extension Fee}$.

The lease terms have provisions for annual CPI increases with a minimum of 2% and a maximum of 6%.

Attached is a finance spreadsheet that reviews the current ground lease rates, the average rate and expected lease payments, as well as the one-time extension fee.

Boulder City Strategic Plan Goal:

Department Recommendation: That a City Council member introduce Bill Nos. 2031 through 2052 to amend and restate the above stated agreements and extend the term of the agreements for a period of 10 years with one 10-year renewal option and waive the reading except for title.

Attachment:

Finance Spreadsheet

Hangar TW1-16

- Bill
- Draft Lease Agreement
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Hangar TW1-18

- Bill
- Draft Lease Agreement

Hangar TW1-20

- Bill
- Draft Lease Agreement

Hangar TW1-22

- Bill
- Draft Lease Agreement

Hangar TW1-24

- Bill
- Draft Lease Agreement

Hangar TW1-26

- Bill
- Draft Lease Agreement

Hangar TW2-15

- Bill
- Draft Lease Agreement

Hangar TW2-17

- Bill
- Draft Lease Agreement

Hangar TW2-18

- Bill
- Draft Lease Agreement

Hangar TW2-19

- Bill
- Draft Lease Agreement

Hangar TW2-20 & 3-19

- Bill
- Draft Lease Agreement

Hangar TW2-21

- Bill
- Draft Lease Agreement

Hangar TW2-22

- Bill
- Draft Lease Agreement

Hangar TW2-24 & 3-23

- Bill
- Draft Lease Agreement

Hangar TW2-25

- Bill
- Draft Lease Agreement

Hangar TW2-26 & 3-25

- Bill
- Draft Lease Agreement

Hangar TW3-21

- Bill
- Draft Lease Agreement

Hangar TW3-45

- Bill
- Draft Lease Agreement

Hangar TW4-39

- Bill
- Draft Lease Agreement

PADS 10, 11, 12

(TW1-28, 1-30, 1-32, 1-34, 1-36, 1-38, 1-40, 1-42, 1-44,

TW2-27, 2-29, 2-31, 2-33, 2-35, 2-37, 2-39, 2-41, 2-43)

- Bill
- Draft Lease Agreement

PAD 2

(TW2-40, 2-42, 2-44, 3-39, 3-41, 3-43)

- Bill
- Draft Lease Agreement

PAD 3

(TW2-34, 2-36, 2-38, TW3-33, 3-35, 3-37)

- Bill
- Draft Lease Agreement