



Item Number: {{item.number}}

City Council / Board of Directors

Written Communications

Meeting of: January 21, 2025

Submitted By:

C. Eric Ray, Airport Director

Subject:

Ground Lease and Development Agreement for 80-Acres by and between the Southern California Logistics Airport Authority and Aviation Development Park, LLC.

Recommendation:

That the Southern California Logistics Airport Authority (“SCLAA”) Board of Directors:

- (1) Approve entering into a Ground Lease and Development Agreement for 80-Acres (“Agreement”), by and between the SCLAA and Aviation Development Park, LLC, (“ADP”); and
- (2) Authorize the Executive Director to execute said Agreement; and
- (3) Adopt Resolution No. SCLAA-25-001 amending the 2024/2025 budget increasing revenue in Airport account 4501191-45220 by \$70,044.50.

Fiscal Impact:

The Agreement presented herein will generate approximately \$4,517,092.67 in gross lease revenue over the initial term (February 2025 – January 2045). The table below outlines the fiscal impact of the initial 4 years of the Agreement.

FY 2024-25 (Feb 25 – June 25)	FY 2025-26 (July 25 – June 26)	FY 2026-27 (July 26 – June 27)	FY 2027-28 (July 27 – June 28)
\$70,044.50	\$170,208.14	\$175,314.38	\$180,573.81

The revenue associated with this Agreement increases the budgeted revenue established in Airport account 4501191-45220 for fiscal year 2024-25, and thereby requires an additional revenue appropriation in the amount of \$70,044.50. Resolution No. SCLAA 25-001 is presented herein for the purpose of requesting approval of the required budget adjustment as outlined below.

Current FY24/25 Budget

	<u>Revenue</u>
4501191-45220 Ground Lease	\$0

Proposed FY24/25 Budget

	<u>Revenue</u>
4501191-45220 Ground Lease	\$70,044.50

Strategic Plan Goal:

The City of Victorville Strategic Plan 2023-2026 identifies multi-year strategic goals and various strategies to work toward achieving those goals. Goal A fosters fiscal health through disciplined long-term planning, cost control, increased revenues, and cost recovery.

Background:

Mr. Craig Garrick is the founder of ComAv. With over 250 employees, ComAv is the largest employer at the SCLA. Since executing their first lease agreement in 1998, ComAv has grown to its current leasehold estate that includes nine SCLA owned buildings and a significant ground leasehold interest. Mr. Garrick created ADP as a separate limited liability company in 2023 to develop a premium, upscale commercial aircraft parking and service facility to cater to a more upscale clientele.

ADP anticipates investing approximately \$5,000,000 to construct the proposed development and improvement of the 80-Acre Ground Lease Area. Some of the improvements proposed are to clear, grub, and set the final grade of the Ground Lease Area; construct soil-cement pavement sections of adequate structural design to allow for parking Boeing 777 aircraft; soil-cement pavement shall either be capped with a minimum of 2 inches of asphalt or a suitable liquid asphalt emulsion; modify or reconstruct the perimeter fencing as needed to accommodate the development and maintain security; and construct utilities, as may be needed.

Discussion:

The proposed Agreement for 80-acres of Ground Lease Area entails an initial term of Twenty (20) years with a commencement date of February 1, 2025. The Agreement also contemplates two additional five-year option terms which commensurate with the privately funded investment being contemplated. The Ground Lease Area consists of airfield property assembled under Assessor's Parcel Numbers: 0459-032-39; 0459-032-40; 0459-032-41; and 0459-032-42; which are comprised of approximately 80-acres. ADP has agreed to pay \$14,008.90 per month with an annual three percent (3%) inflator. This amounts to approximately \$.004 a square foot per month, which is comparable with adjacent parcels.

Because the Ground Lease and Development Agreement will increase local employment, produce a steady revenue stream, increase aircraft activity, and increase landing and fuel flowage fees, staff recommends that Your Honorable Southern California Logistics Airport

Authority Board approve the Ground Lease and Development Agreement with Aircraft Parking Development, LLC, for 80-acres of Ground Lease Area and authorize the Executive Director to execute said Agreement and adopt Resolution No. SCLAA-25-001 amending the 2024/2025 budget increasing revenue in Airport account 4501191-45200 by \$70,044.50. Such approval is being requested, subject to any minor, non-substantive modifications to the Ground Lease and Development Agreement as approved by the Southern California Logistics Airport Authority Legal Counsel and the Southern California Logistics Airport Director.

Staff remains available for any questions or comments you may have.

CER/lf

- Attachments:**
- A. General Site Map
 - B. Ground Lease and Development Agreement for 80 Acres
 - C. Resolution No. SCLAA-25-001