



Legislation Text

File #: RES 17-0036, **Version:** 1

ITEM TITLE: #17-36 - Establishing Sublease Rates at the Valdez Pioneer Field Airport Terminal Building and Repealing Resolution No. 10-60 Formerly Naming Sublease Rates and Fees

SUBMITTED BY: Jenessa Ables, Port Operations Manager

FISCAL NOTES:

Expenditure Required: N/A
Unencumbered Balance: N/A
Funding Source: N/A

RECOMMENDATION:

Approve the recommendation to increase Rental Rates and Fees at the Valdez Pioneer Field Airport terminal building.

SUMMARY STATEMENT:

This item was unanimously approved by the Ports & Harbor Commission on August 21st, 2017.

In 2010 City Council approved Resolution No. 10-60, increasing the Airport rental rate 5% per year for the 3-year period of 2011, 2012, and 2013. There has not been a rate increase since 2013. The Ports & Harbor Commission has continued to review the Airport rental rate each year and elected to hold rates due to ongoing construction projects, and most recently, City wide space use analysis and long-term planning efforts.

Proposal: *See attached Resolution*

Determining factors of recommended Airport rental rate increases:

- Proposed incremental increases remain within or above local per square foot rental range, non-competitive.
- Increased State of Alaska rental rate, effective September 1, 2017.
- Increased utility costs.
- Substantial upgrades completed at the Airport since last rate increase:
 - Airport Roof Replacement
 - Airport Door Replacement
 - Airport ADA Restroom and Waterline Upgrades*
 - Addition of free public wireless internet throughout terminal building**

Addition of standard television service in waiting areas**

Installation of upgraded Public Announcement System for aviation use tenants**

**completion by December 2017*

***installation scheduled for September 2017*

Other Notes: We have typically tried to keep the rental rate at the Airport above the rental rates in town so the City is not competing against private enterprise. Although it is difficult to get building owners to share the information on their rental rates, the data we have collected shows in-town rates at \$1.60 - \$2.00/sq. ft. with one owner reporting a \$2.00 - \$2.50 range. The building across the street from the Airport has a rental rate of \$0.75 sq. ft., but is missing key communications and technology infrastructure and would require a sizeable investment for upgrades. It is also undetermined whether these rates include utilities and snow removal, which are included in the Sublease rate at the Airport.

Timeline for Consideration: The Federal Aviation Administration, a critical tenant of the Valdez Pioneer Field Airport, has suggested rates be approved prior to September 30, 2017. If this deadline is not met, the FAA will be required to issue a new Sublease with the City of Valdez rather than amending their current agreement. Reviewing and implementing a new federal lease agreement will cause the City to incur additional legal fees and staffing costs that could be reasonably avoided by adhering to the below timeline:

8/21/17: Ports & Harbor Commission Meeting, Recommendation of Approval

9/5/17: City Council Meeting, Resolution naming Airport Rates & Fees

9/8/17 - 9/29/17: Distribution for FAA and City signatures