

## Legislation Text

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**File #:** BILL NO. 16-167, **Version:** 1

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AN ORDINANCE AUTHORIZING THE EXECUTION OF A LEASE AGREEMENT BY AND BETWEEN THE CITY OF LEE'S SUMMIT AND BFRE, LLC FOR A PERIOD OF SIX YEARS WITH OPTIONS FOR TWO ADDITIONAL SIX YEAR TERMS.

Issue/Request:

The Airport has approximately 2.7 acres of property available and identified for non-aviation development. The Honda Dealership located at 401 NE Colbern Road dba BFRE, LLC would like to lease this area to expand their auto parking area.

The term(s) of the lease are tied to the Special Use Permit (SUP) for this project on February 18, 2016

Key Issues:

The City approved a Special Use Permit (SUP) for this project on February 18, 2016. The Lee's Summit Honda Dealership entered a temporary ground lease and are currently paying the Airport for vehicles being parked on Airport property. The term is for six years, with a two percent increase annually. Federal Aviation Administration requirements limit non-aviation agreements to six year terms. At the end of the six year term the property will be reappraised and a new value will be established for the second six year term.

Proposed City Council Motion:

FIRST READING: An Ordinance Authorizing the Execution of a Lease Agreement By and Between the City of Lee's Summit and BFRE, LLC For a Period of Six Years With Options For Two Additional Six Year Terms. I move for second reading.

SECOND READING: An Ordinance Authorizing the Execution of a Lease Agreement By and Between the City of Lee's Summit and BFRE, LLC For a Period of Six Years With Options For Two Additional Six Year Terms. I move for adoption.

Background:

The Honda Dealership located at 401 NE Colbern Road wants to lease Airport property to expand their dealership parking area. The Airport owns 18.1 acres of property adjacent to the dealership purchased for the purpose of protecting the approaches to Runway 18/36 known as the Runway Protection Zone (RPZ). The purchase was an entire taking which resulted in a remnant of 2.78 acres of property outside the RPZ area. The 2010 Airport Business Plan identified several tracts of Airport property in the study that were potential sites for non-aviation development. Ground leases for these sites generate a higher level of revenues since they are non-aviation commercial sites. This tract is one of the non-aviation commercial sites.

The property is limited to its usage due to the proximity to the Airport Runway Protection Zone and associated

height restrictions. This property is currently hayed generating \$180.00 for the entire 18.1 acres. Sections of this property could be disturbed during the current airport earthwork project and will become non-productive for some years until a hay crop can be reestablished. Normally two to five years.

Impact/Analysis:

This lease will generate \$56,916.00 annually in ground lease revenues with a two percent increase annually for the first six years. The ground lease is for 2.78 acres @ 4.40 per square foot for a total of 121,096.8 square feet.

Timeline:

Other Information/Unique Characteristics:

This lease agreement is tied to the term of the Special Use Permit approved in February 2016.

John Ohrazda, Airport Manager

Recommendation: Staff Recommends approval of an Ordinance Authorizing the Execution of a Lease Agreement By and Between the City of Lee's Summit and BFRE, LLC For a Period of Six Years With Options For Two Additional Six Year Terms

Committee Recommendation: