



AGENDA ITEM SUMMARY

City Council

STAFF

Aaron Ehle, Airport Planning & Development Specialist
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SUBJECT

First Reading of Ordinance No. 115, 2023, Authorizing Conveyance of a Permanent Non-Exclusive Utility Easement on Property Jointly Owned by the City and the City of Loveland at the Northern Colorado Regional Airport for the AeroFNL Development.

EXECUTIVE SUMMARY

The purpose of this item is to authorize a permanent non-exclusive utility easement over a portion of the Northern Colorado Regional Airport property owned jointly by the City of Fort Collins and the City of Loveland and leased by IC Loveland Investors, LLC, to allow for the installation and maintenance of electrical infrastructure for the new AeroFNL development.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

Northern Colorado Regional Airport is a public facility jointly owned and operated by the Cities of Fort Collins and Loveland. In 2015, the Cities entered into an intergovernmental agreement (IGA) that formed the Northern Colorado Regional Airport Commission, which delegated certain powers and authority to operate and maintain the Airport. The City Councils of the Cities have the authority to grant an easement as a permanent property right in the Airport property.

In connection with the planned AeroFNL development project, the City of Loveland has requested a permanent non-exclusive easement for electrical infrastructure (the "Easement") to serve the development.

According to Fort Collins City Code Section 23-114. - Disposition of property interests for less than fair market value, any sale, lease or other conveyance of property interests approved under Subsection 23-111(a) or (b) or § 23-113 above must be for an amount equal to or greater than the fair market value of such interest unless the City Council or City Manager, as applicable, determines that such sale or lease serves a bona fide public purpose because:

(1) The use to which the property will be put promotes health, safety or general welfare and benefits a significant segment of the citizens of Fort Collins;

Northern Colorado Regional Airport is a public use airport which is jointly owned by Fort Collins and Loveland. This easement will allow for private investment that will bring improvements to the Airport and the users it serves. The Airport supports many important emergency response and safety functions, such as medevac flights and aerial firefighting operations. The improvements constructed by IC Loveland Investors, LLC on the leasehold will revert to the Cities and continue to serve the Airport after the expiration of the lease.

(2) The use to which the property will be put supports one (1) or more of the City Council's goals, adopted policies, projects or plans;

The easement will allow for private development of the site in alignment with the Airport Master Plan, which has been approved by the City Council.

(3) The financial support provided by the City through the below-market disposition of the property will be leveraged with other funding or assistance;

The City is benefiting from the grant of easement by allowing its partner, the City of Loveland, to install and maintain utilities needed to promote development of the Airport as guided by the Airport Master Plan. Furthermore, the Cities are receiving consideration through rent paid by the lessee under the lease agreement, which has been approved by the Airport Commission.

(4) The sale or lease will not result in any direct financial benefit to any private person or entity, except to the extent such benefit is only an incidental consequence and is not substantial relative to the public purpose being served; and

The easement will simply allow the City of Loveland to provide utilities to the private development on leased Airport land, at the developer's expense. The Airport and the two Cities benefit from the utilities, which add value to the Airport. The developer will not receive any more benefit than the other customers to which the City of Loveland provides utility services.

(5) Selling or leasing the property for less than fair market rent will not interfere with current City projects or work programs, hinder workload schedules or divert resources needed for primary City functions or responsibilities.

Granting the easement will not interfere with any City projects or work programs, workload schedules, or resources need for primary City functions or responsibilities.

As the easement meets the above criteria, Airport staff and the Airport Commission recommend approval of the Easement as it allows for privately funded aeronautical development on leased land, which will benefit the Airport and Cities.

CITY FINANCIAL IMPACTS

The Easement does not have material financial impacts on the Airport or City.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

The Northern Colorado Regional Airport Commission and the City Councils of Fort Collins and Loveland have approved the 2020 Airport Master Plan.

The Northern Colorado Regional Airport Commission unanimously approved the assumption of the land lease by IC Loveland Investors, LLC, on November 20, 2022.

The Northern Colorado Regional Airport unanimously recommended approval of the easement by the Fort Collins City Council on April 17, 2023.

PUBLIC OUTREACH

The development of the 2020 Airport Master Plan, which took more than two years to complete, included numerous public meetings and significant outreach by the Airport, far exceeding what is recommended by the Federal Aviation Administration (FAA).

ATTACHMENTS

1. Ordinance for Consideration
2. Exhibit A to Ordinance