

AGENDA ITEM SUMMARY

City Council



STAFF

Aaron Ehle, Airport Planning and Development Specialist

SUBJECT

First Reading of Ordinance No. 071, 2024, Approving the First Amendment to the Hangar Ground Lease Agreement with IC Loveland, LLC, for the Aero FNL Hangar Development at the Northern Colorado Regional Airport.

EXECUTIVE SUMMARY

The purpose of this item is to request City Council approval of an amendment to an existing hangar ground lease between the City of Fort Collins, the City of Loveland, and IC Loveland, LLC, to allow for subleasing and fractional ownership of multi-unit aircraft hangar buildings.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

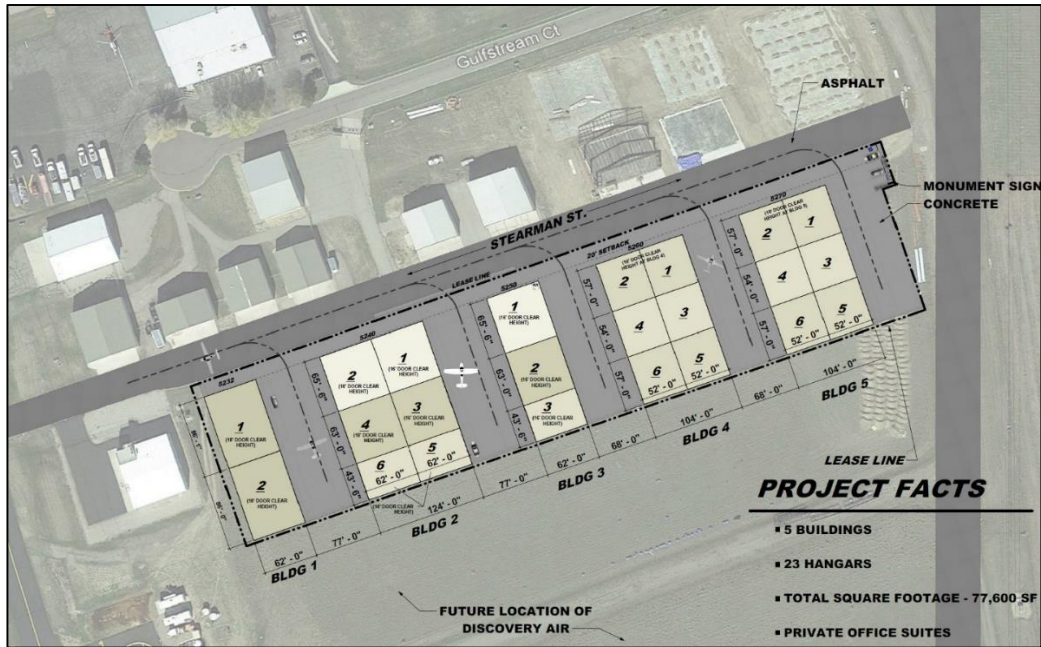
BACKGROUND / DISCUSSION

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. In 2016, the IGA was amended to, in part, provide the Commission with the authority to enter into leases of real property at the Airport if certain requirements are met. One of those requirements is the leases must be “in a form generally approved by the City Manager and City Attorneys for each City.”

In 2022, the Commission approved the Hangar Ground Lease Agreement with IC Loveland, LLC, with an initial term of 25 years and the option for three additional 5-year extensions. IC Loveland, LLC, then assigned the Ground Lease to IC Loveland Investors, LLC, with Commission consent. IC Loveland Investors, LLC, is developing what is known as “Aero FNL,” which is a large hangar project that is currently under construction. The project will add 23 hangar units with over 77,000 square feet of hangar space to the Airport. The development occupies approximately 3.67 acres in the southeast area of the Airport.

While the existing lease agreement was approved and executed by the Northern Colorado Regional Airport Commission using an approved to form lease template, the First Amendment will deviate from that template. Therefore, Airport staff is presenting the First Amendment to both City Councils for approval.

Project Exhibit:



Traditionally at the Airport, management of multi-unit hangar developments has been done through the standard form lease that provides for the creation of a condominium association and making each hangar a condominium unit. That is the structure under the form Ground Lease the Commission approved. IC Loveland, LLC, the owner of the project, is requesting an amendment to the lease to allow it to sublease and sell units within their various buildings instead of the condominium structure. This is similar to the condominium structure but will be done through subleasing and fractionalized ownership of the individual building entities themselves. IC Loveland, LLC, will continue to retain the master lease and manage the common areas. Subleases will include and incorporate the requirements of the master lease. This is a typical structure for operating master developments at other airports. It allows the developer to retain control over the campus and common areas. An example that is very successful is Centennial InterPort campus at Centennial Airport.

Airport and legal staff have reviewed the proposed structure and amendment and recommend approval of the First Amendment.

CITY FINANCIAL IMPACTS

There are no material financial impacts to the Airport or City.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

At their April 18, 2024, meeting, the Northern Colorado Regional Airport Commission voted 5-0 in favor of recommending approval of the Amendment by the City Councils.

PUBLIC OUTREACH

The Aero FNL project is in alignment with the 2020 Airport Master Plan, which took more than two years to complete and 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
3. Amended and Restated Hangar Ground Lease Agreement
4. Assignment and Assumption of Lease Agreement