

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Approval of Land Lease for Hotel on Airport Property

Meeting Date: July 22, 2013
Department: Public Works
www.eugene-or.gov

Agenda Item Number: 2G
Staff Contact: Tim Doll
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ISSUE STATEMENT

The City Council is asked to approve the Public Works Airport Division entering into a 30-year lease with a hotel concessionaire (40 years total—30-year initial term with an option for one 10-year extension). Prior to the City's Purchasing Division issuing a Request for Proposal for a potential hotel, the council must approve the Airport entering into a long-term lease.

BACKGROUND

The Airport plans to enter into an agreement with a hotel developer/operator to construct and operate a hotel on land the Airport owns at the corner of Awbrey Lane and Highway 99. This location is outlined in the Airport Master Plan for future commercial development such as a hotel. A long-term agreement is necessary in order to attract such a developer. It is expected that a hotel on Airport property will be an asset to the Airport as well as the community it serves. The Airport desires to issue a Request for Proposal to solicit a hotel developer/operator to construct and operate a full-service national brand hotel.

The Eugene Code outlines specific procedures. Pursuant to City Code, Chapter 2 – Section 2.860 – 2.874 establishes the procedures the City must follow to sell, lease or rent City-owned property, unless a different procedure is established by another code section or a council-approved intergovernmental agreement. Section 2.862 authorizes the City Manager to privately negotiate with any person for the disposition of property subject to a "development plan" (such as the Airport Master Plan). When the City Manager determines that such property is suitable for tenant occupancy, the City Manager may lease the property – without future action by the council – but only for a term not to exceed 20 years, and at fair market rent. If the City Manager desires to lease the property for a term which exceeds 20 years, or for less than fair market rent, then the Code requires that the "proposal acceptable to the City Manager be presented to the council for its action," Eugene Code, Section 2.872. Such approval by the council can take the form of either a motion or resolution.

RELATED CITY POLICIES

This action item is related to the City Council goals of "Sustainable Development," "Effective,

Accountable, Municipal Government" and "Fair, Stable and Adequate Financial Resources."

COUNCIL OPTIONS

The Eugene City Council may consider the following options:

1. Request the City Manager to allow the Airport to enter into a 30-year lease agreement with a hotel concessionaire (40 years total - 30-year initial term with an option for one 10-year extension).
2. Direct the City Manager to take other actions.
3. Take no action.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends the approval of the 30-year lease (with the option for one 10-year extension) with a hotel developer/operator to construct and operate a hotel on airport property.

SUGGESTED MOTION

Move to direct the City Manager to allow the Airport to proceed with the Request for Proposals and with negotiating a 30-year lease (with the option for one 10-year extension) with a hotel developer/operator to construct and operate a hotel on airport property as designated in the Airport Master Plan.

FOR MORE INFORMATION

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