

MEMO

June 30th, 2016

TO: Rochelle City Council

From: Michael Hudetz, Koritz Field/Rochelle Airport Manager

Subject: Approval to change hangar rental rates at Koritz Field Rochelle Airport

It has been nearly 10 years since the hangar leases have been reviewed and reconciled against the increase in operating costs of the airport.

Secondly, since the Rochelle Municipal Airport is a public airport, and we accept state and federal grant money for improvements, we are required to comply with requirements for uniformity and the non-discriminatory sale of any unit of service, or product. Currently there is a wide discrepancy in the lease rates based on "cents/per square foot/per month/hangar classification" located on the Rochelle Municipal Airport.

The Airport Advisory Board held three meetings over the last 3 months on the topic of creating reasonable, and non-discriminatory rates, for the different categories of hangars. Hangar rates from dozens of surrounding airports were reviewed. A few examples were chosen for comparison (see Hangar Rate Comparisons sheet). The board also reviewed what effect the changes would have on each current tenant(see Detailed Hangar Rates sheet). Also, it would be more manageable if tenants paid their rent on a semi-annually or annually rather than on a monthly basis. Therefore our proposal includes a discounted rent as an option if the rent is paid annually or semi-annually while still allowing tenants to continue to pay on a monthly basis if they should so choose to do so. The Airport Advisory Board voted unanimously to approve the proposed changes to the hangar rental schedule.

By adopting the new hangar lease rates we accomplish 3 objectives:

- 1) We have a fair and equitable lease schedule between all tenants based on regional market values.
- 2) We are in compliance with the state and federal regulations regarding non-discriminatory practices in setting prices for leased public airport facilities.
- 3) We will be able to lower the City's cost of administrating the collection of rental payments as this schedule will encourage more tenants to pay their rent annually or semi-annually.

The Airport Staff recommends the City Council approve the schedule of new lease rates for hangars at Rochelle Municipal Airport.