

Date: June 11, 2025

To: Mayor and Members of City Council
202501200

From: Sheryl M. M. Long, City Manager

Subject: EMERGENCY ORDINANCE – Lunken Airport Lease Areas 59, 60 and 61 Amended Lease Agreement (JGAS Aviation, LLC)

Attached is an emergency ordinance captioned as follows:

AUTHORIZING the City Manager to execute a First Amendment to the Amended and Restated Lunken Airport Lease Agreement with JGAS Aviation, LLC, pursuant to which the City will extend the term for an additional five years and lease 6.41 acres of land at Lunken Airport, Lease Areas 59, 60, and 61, for expansion of business operations and construction of new facilities.

In April 2024, J-Gas Aviation, LLC dba as Waypoint Aviation took over tenancy of Lease Areas 41 & 45 & Hangar 30 formerly occupied by American Financial Group to operate their FBO. In the summer of 2024, J-Gas made major improvements to their ramp and parking lot to allow more plane and customer traffic. The recent decommissioning of the runway in the summer of 2024 opened several areas for potential development at Lunken Airport, including areas on the airfield side of Waypoint's hangar. In December 2024 J-Gas began to look into development opportunities adjacent to their existing lease area and requested an amendment to their lease to accommodate the proposed development. They want to develop and build out 90,000 to 120,000 SF of hangar/shop space along with 140,000 SF of ramp and taxi way in four phases, Ph 1 is complete. The early estimates for all phases range from \$20m to \$40M. J-Gas Aviation contributes to Lunken's revenue in many ways in addition to their rent. They generate and provide the operating permit fee, 1% Gross Revenue Fee, fuel flowage fee and attract transient, non-Lunken-based aircraft that pay the landing fee. It is anticipated that all of these revenues will increase with their proposed expansion.

City's Real Estate Services Division, in consultation with the City's Airport Manager after considering airport industry standards and FAA requirements, has determined by a professional appraisal that the fair market rental value of the Lease Expansion Property is approximately \$93,177 per year, subject to the base rent escalation provisions. Additionally, this expansion will add 10-15 full-time employees to their current staff.

The City Planning Commission approved the lease at its meeting on June 6, 2025.

The reason for the emergency is the immediate need to execute the Amendment so the new rent amounts can begin as soon as possible to enable the Airport to receive the benefit at the earliest possible time.

The Administration recommends passage of the attached ordinance.

Attachment I – First Amendment to Lease

cc: Greg Long, Interim Director, Transportation and Engineering