

Date: January 18, 2024

To: Mayor and Members of City Council

202400216

From: Sheryl M. M. Long, City Manager

Subject: ORDINANCE – LEASE AGREEMENT WITH ONFLIGHT, INC.

Attached is an ordinance captioned as follows:

AUTHORIZING the City Manager to execute a Lease Agreement with Onflight, Inc. pursuant to which the company will enter into a new lease for the use and occupancy of Lunken Airport Lease Area 12 for up to 33 years.

Onflight, Inc. has leased property at Lunken Airport since 2000 and wishes to extend its current lease (expiring June 30, 2030) for an additional term of 27 years with nine 3-year renewal options. Onflight Inc. is a tenant in good standing, which plans to make upgrades to its hangar as they recently announced a partnership with Embraer Executive Jets to expand their business. Their new partnership plans to bring to Lunken Airport the presence of a major aerospace company in the form of an Authorized Service Center. They anticipate initially employing around 15 employees with over a million-dollar salary budget and expect this to increase to 30 to 50 employees in the next 24 to 48 months. This potentially would bring taxable salaries to 3 to 5 million. They estimate yearly revenues to grow to over 12 million.

This new lease will expire in 2057 and the rent will be based upon a fair market rate appraisal and adjusted accordingly by CPI throughout the lease term. OnFlight is committed to investing more than \$1.3 million in capital expenditure to make OnFlight more customer-centric and welcoming. The new lease reflects fair market value allowing for airport industry standards and Federal Aviation Administration requirements.

The City Planning Commission approved the lease at its meeting on December 15, 2023.

The Administration recommends passage of the attached ordinance.

Attachment I – Lease

cc: John S. Brazina, Director, Transportation and Engineering