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## **REPORT TO AIRPORT AUTHORITY**

### **SRAA-18-41**

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**Date of Meeting:** August 16, 2018

**Subject:** Rates and Charges Committee Report

**Purpose of Report:** To review and approve committee's recommendation concerning rates for developed land at SRA.

**Background Discussion:** Our current adopted rates and charges do not differentiate between developed and undeveloped land lease rates. Currently, we have an area of developed land in the south area of the airport. The development of this land has made it "site-ready" for hangar construction, which includes taxi-lanes, concrete drives/apron in front of the hangars and drainage. Half of this development was funded by an FAA grant and the other half was funded by the City of Stillwater. The City's portion of investment was \$336,170. In an effort to evaluate the fair market value of the land and also attempt to recuperate the City's share in the development, the Rates and Charges Committee was called together.

The Rates and Charges Committee convened on July 6<sup>th</sup> and August 9<sup>th</sup> to discuss the matter. Marc Tower, Chuck Fleischer, Gary Johnson and Paul Priegel met during both dates.

The committee made every effort to look at the matter at hand from both the airport and potential developer/builder's point of view in determining a fair rate. Within the developed area, there is designed space to accommodate one (1) 10-unit T-Hangar (approximately 50'x231') and a set of three (3), stand-a-lone 60x60 corporate-style hangars. At the conclusion of the meetings, the recommendation of the committee was as follows:

- A. Instead of changing the current Airside Land Rental Rate, we opted to leave the rate at the current \$0.22/sq. ft./year (plus annual CPI). Hangar builders would be required, in their lease, to rent and maintain a curtilage area around their hangar in addition to the ground underneath the physical structure. The curtilage areas will be defined in the body of the lease.
- B. In addition to the ground lease, the hangar builder would also have to pay \$415 per linear foot to connect their hangar and curtilage area to the existing concrete surface within the developed area. This amount could be paid as an upfront cost or pro-rated up to 10 years into an annual or monthly payment. The set linear foot cost takes into account the City's share of the development cost and the amount of frontage each hangar would require.

**Recommendation:** The Rates and Charges Committee recommends approval of the \$415/Linear Foot "connection charge" detailed in section B above.

**Prepared by:** Paul Priegel, Assistant Airport Director

**Date of Preparation:** August 10, 2018

**Attachments:** 1