

**METROPOLITAN AIRPORTS COMMISSION**

**ORDINANCE NO. 121**

**MSP GROUND RENTAL RATES ORDINANCE**



Adopted by Commission: May 16, 2016  
Effective Date: July 1, 2016

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**MSP GROUND RENTAL RATES ORDINANCE**

An Ordinance to promote and conserve the public safety, health, peace, convenience and welfare; to provide for the amendment of ground rental rates, as provided by Minn. Stat. § 473.651, for property located at the Minneapolis-St. Paul International Airport, all of which is property owned by or under the supervision and control of the Metropolitan Airports Commission; prescribing the penalty for violation thereof; and to repeal Commission Ordinance No. 103.

WHEREAS, the Commission has the authority, as set forth in Minn. Stat. § 473.651, to determine the charges for the use of any of the property under the Commission's management and control, and the terms and conditions under which such property may be used; and

WHEREAS, the Commission may classify users of such property where there is a reasonable basis for classification of users as to any use, but charges as to each class shall be reasonable and uniform for such use, and established with due regard to the value of the property and improvements used and the expense of operation to the Commission; and

WHEREAS, the Commission has completed a detailed study of real estate value at Minneapolis-St. Paul International Airport and has proposed the following property user classifications and corresponding rental rates based on such study; and

NOW, THEREFORE, the Metropolitan Airports Commission does ordain:

**SECTION 1. DEFINITIONS**

- 1.1 Airport. Minneapolis-St. Paul International Airport, Wold-Chamberlain Field, a public airport under the supervision and control of the Metropolitan Airports Commission, and located in the County of Hennepin and State of Minnesota.
- 1.2 Commercial/Rental Auto Land Uses. Land used for business activities that support consumer/retail oriented services, benefiting from prime access and traffic exposure, and occupying such choice locations. Often, in addition to land rent, percentage concessionaire agreements will be part of the rental contract.
- 1.3 Commission. The Metropolitan Airports Commission, a public corporation organized and operating pursuant to Chapter 500, Laws of Minnesota 1943 and amendments thereto.
- 1.4 Fixed Base Operator. An operator at the Airport whose operations, under agreement with the Commission at an assigned area under its control, encompass some or all of the services as follows: aircraft storage, aircraft repairs, aircraft flight instruction, air charter flights, and sale of aircraft, aircraft parts and equipment, aviation fuel, and other petroleum products for use in aircraft.
- 1.5 Industrial Land Uses. Land adapted for industrial service, maintenance, aircraft storage, or cargo operations. Generally the uses are Airport or airline related, such as bulk fuel storage and supply, air cargo, and freight forwarding.

- 1.6 Large Signatory Airport Land Uses. Land used by lessees, generally air transport operators, who have executed signatory agreements with the Commission covering the use and occupancy of facilities at the Airport and cumulatively lease ten acres or more. These requirements may be met by lessees that are treated as a single employer under section 414 of the Internal Revenue Code of 1986, as amended. The lessees shall submit evidence satisfactory to the Commission's Executive Director/CEO documenting its compliance with this definition.
- 1.7 Small Industrial/Service-Type Land Uses. Industrial land having an area less than ten acres and supporting operations offering services or commodities that are subsidiary to Airport operation. Included under, but not confined to, this broad category would be land improved with regulatory agencies, communication services, weather systems, maintenance facilities, and storage.
- 1.8 Hotel. Land used for hotel facilities, benefitting from prime access and traffic exposure, and occupying such choice locations. Often, in addition to land rent, percentage concessionaire agreements will be part of the rental contract.

**SECTION 2. PROPERTY CLASSIFICATION**

- 2.1 The designee of the Commission's Executive Director/CEO shall determine the property classification that is most applicable to land parcels at the Airport.
- 2.2 The property classifications utilized shall be those listed in Section 3.1.
- 2.3 A lessee may appeal the property classification determination of the Executive Director/CEO's designee. Such appeal must be made in writing within fifteen (15) days from the date the Commission notifies the lessee verbally of such classification determination or deposits a written notice of such classification determination in the mail. The Executive Director/CEO shall review the appeal on an informal basis and shall respond to the lessee in writing within fifteen (15) days of the appeal. This response shall constitute the final decision of the Commission.

**SECTION 3. RATE SCHEDULES**

- 3.1 Except where contradicted by the terms of a lease between the Commission and a lessee, the ground rental rates for the following categories of property are as follows:

<u>Property Classification</u>	<u>Former Rental Rate</u> (Ordinance 103)	<u>Rental Rate</u>
	\$/Sq. Ft./Year	\$/Sq. Ft./Year
1. <u>Industrial Parcels</u>		
a. Industrial Land Uses (with Ramp Area)	\$0.40	\$0.44
b. Industrial Land Uses (without Ramp Area)	\$0.35	\$0.40
c. Large Signatory Airport Land Uses	\$0.25*	\$0.28

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\* The Commission decided to allow Signatory Airlines to continue to pay Ordinance 83 rental rates of \$0.20.

d.	Small Industrial/Service-Type Land Uses	\$0.40 - \$0.60	\$0.44
e.	Fixed Base Operators	\$0.35	\$0.76

2. Commercial Parcels

a.	Commercial/Rental Auto Land Uses (with Percentage Rental Concessionaire Agreements)	\$1.20	\$0.96 - \$1.60
b.	Commercial/Rental Auto Land Uses (without Percentage Rental Concessionaire Agreements/ Quick Turn Around Areas)	\$0.50	\$0.56 - \$1.20
c.	Hotel	N/A	\$2.18

3.2 The above schedule applies to property covered by a lease that has expired, but which continues to be occupied by a hold-over tenant.

3.3 If the ground rental rates in this Section 3 are not modified by the Commission before December 31, 2020, the ground rental rates shall increase by 10% (2% per year), with such 10% increase effective January 1, 2021. The ground rental rates shall increase thereafter by 10% every fifth year, unless modified otherwise by the Commission.

**SECTION 4. NOTICE**

4.1 The Commission shall provide each lessee with at least thirty (30) days notice prior to rate adjustments under this Ordinance.

**SECTION 5. GENERAL PROVISIONS**

5.1 Penalties. Any person violating any of the provisions of this Ordinance shall upon conviction be punished by sentence within the parameters of the maximum penalty for misdemeanors set forth in Minn. Stat. § 609.03, or as amended. The penalties prescribed under this Ordinance in no way preclude the Commission from taking any other civil action authorized under a lease or by law.

5.2 Provision Severable. If any part or parts of this Ordinance is declared unconstitutional or invalid, this does not affect the remaining parts of this Ordinance. The Commission declares that it would have passed the remaining parts of this Ordinance without the unenforceable provisions.

5.3 Effective Date. This Ordinance is effective July 1, 2016.

5.4 Repealer. Ordinance No. 103 is repealed on the date this Ordinance takes effect.