

COUNCIL ACTION FORM

SUBJECT: REQUEST FROM AMES ECONOMIC DEVELOPMENT COMMISSION FOR DONORS TO THE AIRPORT HANGAR BE GIVEN FIRST RIGHT OF NOTIFICATION

BACKGROUND:

The leadership of the AEDC continues their efforts to raise \$1,000,000 to finance the construction of a new hangar that is designed primarily to house corporate aircraft for short-term stays at the Ames Municipal Airport.

Since this effort is slightly short of its goal, the fund raisers are attempting to identify creative ways to entice more private sector giving. For example, the City Council recently approved the request from the AEDC to approve naming rights for the conference and training rooms in the new Airport Terminal for major contributors.

An additional request from the AEDC recently was referred by the City Council on November 24, 2015 asking the City to extend a "Right-of-Notification" to those interested in investing in the new Airport Hangar at a level of \$50,000 or more.

The Right-of-Notification, as the City staff understands it, will require the FBO to notify any of the private donors to the Airport Hangar project that contributed \$50,000 or more when space in the new hangar is available for lease. It is important to emphasize that these donor companies would still pay market-rate rent for space in the new hangar as negotiated with the Fixed-Base Operator (FBO). In addition, the FBO would be able to notify others parties of the availability of hangar space. Furthermore, this Right-of-Notification does not bind the FBO to lease only to these donors. It will, however, make sure that the qualifying donors are aware of the space in the new hangar when it becomes available, as determined by the FBO.

AEDC representatives currently anticipate that four companies will qualify for this notification right.

ALTERNATIVES:

- 1) The City Council can decide to approve this request to provide a "Right-of-Notification" to those private donors to the new Airport Hangar that contribute \$50,000 or more towards the project.
- 2) The City Council can decide to reject this request to provide a "Right-of-Notification" to those private donors to the new Airport Hangar that contribute \$50,000 or more towards the project.

It should be noted that even if this additional incentive is not available to entice additional donors, under the recently approved agreement with the City, Iowa State University will be required to provide any additional funds that are needed to complete the new Airport Hangar.

MANAGER'S RECOMMENDED ACTION:

Under the approved funding strategy, the private sector is to be a significant partner in the funding of this airport improvement project. The Right-of-Notification, as proposed, will not inhibit the FBO's ability to generate needed operational revenue nor negate the primary purpose of the new facility to house visiting aircraft. Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1 and approve the request from the AEDC to provide a "Right-of-Notification" to those private donors to the new Airport Hangar that contribute \$50,000 or more towards the project.

The City Council should understand that in order to formally satisfy the request, this Right-of-Notification will have to be added to the new FBO contract that will be negotiated, hopefully, in the spring of 2016. Council's approval of this request on December 8th will allow the AEDC to make commitments to the donors prior to the requirement being approved in an agreement between the City Council and FBO. However, since this requirement does not seem to inhibit the FBO in any way, the risk of the FBO rejecting this provision appears to be remote.

November 16, 2015

Honorable Mayor Ann Campbell
City of Ames
515 Clark Ave.
Ames, IA 50010

Mayor Campbell,

I write to you on behalf of the Ames Economic Development Commission (AEDC) respectfully seeking the approval from you and the Ames City Council on an issue that will support the fundraising effort of the Ames Municipal Airport Modernization Project.

In numerous conversations we have had with companies solicited for airport funding, we have been asked if their investment in the airport would allow an opportunity to lease space in the new hangar. Companies that have made this request were quick to point out that they would pay market rent.

We believe that if the City of Ames would extend a Right-of-Notification to those interested in investing in the airport at a level of \$50,000 or more, some may be willing to contribute a larger amount to the project. At this time, we anticipate four (4) companies will qualify to receive such notification. The Right-of-Notification would allow for any of those investors at \$50,000 or more to be notified when space in the new hangar is available for lease. These companies would still pay market-rate rent for space in the new hangar as negotiated with the Fixed-Base Operator (FBO) that you will select. The FBO would of course be able to notify any others of hangar space availability.

We have spoken to at least two FBO's in other markets that have indicated that the hangar we are constructing will be large enough to house many aircraft. As many as 8-10 aircraft spaces, depending on the model, will be available in the hangar. The rental income from this new hangar will support the operations of the FBO. Ultimately, it will be up to the FBO to strike a balance between space for visiting aircraft and permanent aircraft.

We are open to discussion on this important matter as soon as possible since we are working diligently to wrap up the fundraising portion of this endeavor.

Thank you for your consideration.

Sincerely,



Daniel A. Culhane, President & CEO
Ames Chamber of Commerce & Economic Development Commission

CC: Gloria Betcher; Amber Corrieri; Tim Gartin; Matthew Goodman; Chris Nelson;
Peter Orazem; Steve Schainker, City Manager; Steve Goodhue, Chair, AEDC
Dean Hunziker