

ITEM #: 39
DATE: 03-27-12

COUNCIL ACTION FORM

SUBJECT: ONE YEAR EXTENSION OF FIXED BASE OPERATOR LEASE

BACKGROUND:

City Council recently set several goals to better the Ames Community, and among these is the goal to “*Beautify entrances to Ames and major arterials*”. This goal recognizes the impact that gateways to the City have, not only on the economic viability of Ames, but on how the community is seen by residents and visitors alike.

One of these major gateways to the community is the Ames Municipal Airport, which brings in numerous users for business, recreational, and academic reasons. One of the first points of contact for these users comes from interactions with the Fixed Base Operator (FBO) via the Airport Terminal Building.

A FBO is an entity that a City typically contracts with to perform certain needed services for airport customers. These services are related to aircraft repairs, fueling, managing flight plans, hanger management, flight instruction, charters, air to ground communications, etc. The selected FBO is granted the use of City facilities to perform these functions and in return pays the City a leasing fee.

Currently, the City’s FBO lease is with Hap’s Air Service. The current FBO agreement is set to expire on June 30, 2012. Typically, the City would now proceed to solicit proposals from prospective FBO’s to determine the best company to perform these critical services at our airport. **However, it is now being proposed that we extend the contract with Hap’s Air Service for one additional year.**

This extension is being proposed since the City is about to embark on a year-long review of the space needs at the Airport Terminal which will result in a major new capital improvement project. Since this new facility will, no doubt, impact the relationship with the FBO, it seems advisable not to pursue a new, long-term lease arrangement until more is known about the space that will be available at a new terminal and how the City hopes to finance it.

Staff has met with Diana Holden, President of Hap’s Air Service, to discuss the terms of the proposed extension. She has agreed to the one year extension utilizing the existing lease language.

ALTERNATIVES:

1. Approve a one-year extension to the existing Fixed Base Operator lease agreement with Hap's Air Service, thereby setting a new lease expiration date of June 30, 2013.
2. Reject the proposed extension and direct staff to proceed to solicit FBO proposals.

MANAGER'S RECOMMENDED ACTION:

Because during the next year the City will be studying the space needs related to a new terminal facility and determining the appropriate funding strategy for a new facility, it would not be advisable to enter into a long-term lease with a FBO at this time. Therefore, it is the recommendation of the City Manager that the City Council approve Alternative No. 1, thereby approving a one-year extension of the existing Fixed Base Operator lease with Hap's Air Service and setting a new lease expiration date of June 30, 2013.