

COUNCIL ACTION FORM

SUBJECT: HANGAR LEASE RATE ADJUSTMENT FOR HAP'S AIR SERVICE

BACKGROUND:

The Ames Municipal Airport currently has land leases with six aircraft hangar owners. On March 27, 2012, City Council approved new five-year Aircraft Hangar Leases for Viking Aviation Inc., Craig Sommerfeld, Kenneth L. Augustine, Brian Aukes, and the Ames Hangar Club. These leases have been renewed several times, with current terms and lease payments adjusted in accordance to the current Ames Airport Master Plan.

The lease with Hap's Air Service has a 25-year term ending in 2017, and that rate is adjusted every 5-year period of the lease term. The current period will expire December 31, 2012. Hap's Air Service has elected to renew their lease for the final 5-year period using the same square-foot rate designated by the Airport Master Plan (see table below). This same rate was also applied to all other land leases renewed beginning April 1, 2012.

Lease Term	Annual Amount
January 1, 2013 to December 31, 2013	\$ 5,278
January 1, 2014 to December 31, 2014	\$ 5,422
January 1, 2015 to December 31, 2015	\$ 5,565
January 1, 2016 to December 31, 2016	\$ 5,709
January 1, 2017 to December 31, 2017	\$ 5,853

It should be noted that this land lease is for Hap's private hangar space, which is a separate agreement from that establishing the airport services of the Fixed Base Operator (FBO). The FBO contract will expire on June 30, 2013.

ALTERNATIVES:

1. Approve the hangar lease rate adjustment for the next 5-year period for Hap's Air Service.
2. Reject the proposed rates, and establish alternate rates.

MANAGER'S RECOMMENDED ACTION:

As in the case of the other five land leases, renewal of the lease with Hap's Air Service will ensure the ongoing financial stability of the Ames Airport, thereby staying consistent with the recommendations of the Ames Airport Master Plan.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the hangar lease rate adjustment for the next 5-year period for Hap's Air Service.