

ITEM# 42a&b
DATE: 10/11/16

COUNCIL ACTION FORM

SUBJECT: FIXED BASE OPERATOR AGREEMENT TO MANAGE THE AMES MUNICIPAL AIRPORT (2017-2022)

BACKGROUND:

On August 23, 2016, staff presented the results of the 2016 Fixed Base Operator (FBO) selection process. Three FBO companies submitted proposals – Classic Aviation, North Iowa Air Service, and Exec 1 Aviation. Classic Aviation was found to have the highest scoring proposal. Therefore, City Council directed staff to begin negotiations with this company for a new 5-year agreement to manage the Airport. At the same time, the City Council gave approval to negotiate with North Iowa Air Service (Charles City Aeronautics, Inc., d/b/a Central Iowa Air Service) if an agreement could not be successfully negotiated with Classic Aviation. Since the August meeting, Classic Aviation has officially withdrawn from the selection process, citing personal issues that would prevent fulfilling the terms of the agreement.

As a result of this notification, staff transitioned to negotiating with North Iowa Air Service and has reached an agreement to operate the Airport beginning April 1, 2017, through June 30, 2022 (See Attached Contract). A start date of April 1, 2017 will allow North Iowa sufficient time to hire staff and purchase equipment necessary to meet the requirements of the agreement. It is noteworthy that North Iowa Air Service will be able to perform the same services that were proposed by Classic Aviation that made them the top scoring FBO, such as coordinating with ISU to establish a Part 141 Flight School and providing turbine charter services. Staff believes North Iowa Air Service can ensure the same high level of services that the City anticipated receiving from Classic Aviation.

North Iowa Air Service also has a strong understanding of the importance of the Airport as a gateway to the community. They plan on holding community events such as fly-ins, pancake breakfasts, etc., as well as having attentive staff who welcome people who may be visiting Ames for the first time. These initiatives will be critical for both the positive growth of the Airport and for leaving a lasting positive impression of the community.

Something unique to North Iowa Air Service's proposal is that they are willing, at no cost to the City, to perform all the labor necessary for the winter and summer maintenance at the Airport, provided that the City supplies the equipment and fuel for these activities. The City's Fleet Services staff generated a cost/benefit analysis of this proposal, which includes Fleet Services acquiring the equipment in the current FY2016/17 budget and programming ongoing costs for capital amortization, maintenance, fuel and depreciation within the Airport's annual operating budget. Currently the City performs these snow

removal and grass mowing activities by way of separately bid contract with a third party company, which typically includes a prescribed annual inflation percentage for the services. The table below provides an estimated cost comparison of having the FBO take over the Airport maintenance versus current private sector pricing:

	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	TOTALS
Private Sector Contract							
Bulk Mowing	\$4,992	\$10,284	\$10,592	\$10,910	\$11,237	\$11,574	\$59,589
Fine Mowing	\$4,309	\$25,590	\$27,253	\$29,025	\$30,911	\$32,920	\$150,008
Snow & Ice	\$0	\$28,901	\$29,623	\$30,364	\$31,123	\$31,901	\$151,913
Loader Lease	\$0	\$5,940	\$5,940	\$5,940	\$5,940	\$5,940	\$29,700
	\$9,301	\$70,714	\$73,409	\$76,238	\$79,211	\$82,336	\$391,209
FBO w/COA Equipment							
Capital Amortization	\$0	\$12,100	\$12,100	\$12,100	\$12,100	\$12,100	\$60,500
Annual Maintenance/Gas	\$2,977	\$39,242	\$40,420	\$41,632	\$42,881	\$44,168	\$211,321
	\$2,977	\$51,342	\$52,520	\$53,732	\$54,981	\$56,268	\$271,821
Net Change =	(\$6,324)	(\$19,372)	(\$20,889)	(\$22,506)	(\$24,230)	(\$26,068)	(\$119,388)
Operational Budget Affect =	Savings	Savings	Savings	Savings	Savings	Savings	Savings

As shown in the benefit/cost analysis, using private sector contracts the costs are growing at an average annual increase of 3.9%, whereas the City's maintenance cost to operate our equipment is growing approximately 2% to 3% annually. Under the North Iowa's proposal, the City should see significant savings in operational costs over the duration of the agreement.

The Agreement includes provisions for North Iowa to pay an annual fee to the City for the operational privilege of using the airport facilities for their business. This will be paid one-fourth quarterly in advance to the City, with the total annual payments as shown below:

July 1, 2017 – June 30, 2018:	\$50,000
July 1, 2018 – June 30, 2019:	\$60,000
July 1, 2019 – June 30, 2020:	\$61,800
July 1, 2020 – June 30, 2021:	\$63,600
July 1, 2021 – June 30, 2022:	\$65,600

Additionally, the fee paid for April 1 to June 30, 2017 will be \$12,500. It should be noted that in addition to the fixed fee paid to the City, the FBO will be paying a fuel flowage fee of \$0.08/gallon for both Jet A and 100LL fuel. Compared to the current rates of \$0.07 for Jet A and \$0.05 for 100LL fuel, this represents an increase in fees to the benefit of the City. The FBO was asked if this increase would increase fuel cost to Ames customers, and they assured the City that they intend to lower the cost per gallon to customers while supporting the increase to the City under their business and marketing plans that are anticipated to significantly increase the volume of fuel sold in Ames.

It should be noted that the City currently receives approximately \$50,000 per year from our current FBO arrangement with Haps Air Service. The proposed

agreement is estimated to yield \$59,400 in the first year of the five year term, and increases significantly over the remaining four years.

It should be noted that North Iowa Air Service is actually a business name used by the parent corporation, Charles City Aeronautics, Inc. In providing FBO service to the City of Ames, Charles City Aeronautics, Inc. will be doing business as Central Iowa Air Service.

ALTERNATIVES:

- 1a. Approve the attached Fixed Base Operator Agreement (4/1/17 thru 6/30/22) to manage the Ames Municipal Airport with Charles City Aeronautics, Inc., d/b/a Central Iowa Air Service.
- b. Terminate the existing FBO agreement with Haps Air Service as of March 31, 2017.
2. Direct staff to negotiate changes to the proposed agreement.
3. Reject the proposed agreement and direct staff to solicit new proposals for FBO services at the Airport.

MANAGER'S RECOMMENDED ACTION:

Throughout the FBO selection process, Charles City Aeronautics, Inc. (North Iowa Air Service) has demonstrated that they are a stable and successful company capable of providing the highest quality services for the Ames Municipal Airport. During the negotiation process, they also showed their willingness to be an active partner in growing our local General Aviation industry by providing enhanced services such as the Part 141 Flight School and Turbine Charter. They have demonstrated excited to become a part of the Ames community and work together with the City and local partners to make the recent investments in the our municipal Airport a lasting success for Ames.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.

**AMES MUNICIPAL AIRPORT
FIXED BASE OPERATOR CONTRACT**

THIS AGREEMENT, effective the 1st day of April 2017, between the City of Ames, Iowa, owner of the Ames Municipal Airport ("Airport"), hereinafter referred to as the "Owner" or "the City," and Charles City Aeronautics, Inc., d/b/a Central Iowa Air Service, hereinafter referred to as the "Operator" or the "FBO." Owner and Operator are "the Parties" to this Agreement.

WITNESSETH:

WHEREAS, the Ames Municipal Airport has been in operation since 1943 with the Ames City Council acting as the governing body that has authority over the Airport; and

WHEREAS, the Owner desires to contract with the Operator for providing Fixed Base Operator ("FBO") services at the Ames Municipal Airport hereinafter more fully described and located on said Airport upon the terms and conditions stated herein; and

WHEREAS, The Operator will be responsible for complying with all terms and conditions contained within this contract in addition to the Airport Rules and Regulations; Minimum Standards and all other Local, State, and Federal rules which may apply; and all applicable Federal Aviation Regulations (FARs). The Operator must remain an active legal entity, and be licensed to do business in the State of Iowa; and

WHEREAS, the Operator will be expected to create and enhance a positive aviation environment for the airport users and the Ames aviation community; and

WHEREAS, the terms and conditions of this agreement shall state mandatory activities of the Operator.

NOW, THEREFORE, in consideration of the fees, covenants, and agreements as herein contained, the Owner does hereby provide to the Operator the premises called out in Section 3 and shown in Exhibit A attached hereto and made a part hereof, except that all premises are subject to the special conditions as stipulated in the following paragraphs.

SECTION 1: REQUIRED FIXED BASE OPERATOR SERVICES

A. The Operator shall provide the following required services shown below:

1. Itinerant aircraft storage services for City owned tie-down areas and hangar facilities.
2. Aircraft ramp services (towing, parking guidance, etc.).

3. Maintenance, repair, and servicing of aircraft (routine and preventative maintenance, physical and mechanical repair, etc.). The Operator will also operate a FAA Certificated Repair Station at the Airport.
4. Management and coordination of airport maintenance (mowing, snow removal) as specified in Section 1.B of this agreement.
5. Maintenance and minor repair (interior and exterior) of Airport buildings owned by the City per standards set out in Section 18 of this Agreement, including, but not limited to, the Terminal, Hangars, and Ramp areas.
6. Management of subleasing of space within City owned facilities.
7. Commercial aircraft fueling (100LL & Jet A) and oil/lubricant dispensing; operating the fuel farm for the storage, handling, and delivery of aviation fuel products. Jet A and 100LL must be available via fuel truck provided by FBO.
8. Management and minor maintenance of public facilities available for pilots and passengers (i.e. flight planning amenities, pilot lounge, passenger waiting area, courtesy car, etc.) per standards set out in Section 18 of this agreement.
9. Emergency service to disabled general aviation aircraft (i.e. towing/transporting disabled aircraft within the Airport grounds as shown in Exhibit A).
10. Monitor and respond to all UNICOM radio communications with the Airport, answer phones, respond to all forms of electronic communication, and greet Airport customers during normal or extended hours of operation (see Section 8).
11. Provide, maintain, and service a minimum of two crew cars for customer use.
12. Monitor the condition of airport facilities, which shall include but not be limited to all runways, taxiways, taxi lanes, tie downs, ramps and any associated lighting/navigation aids owned by the City, parking lots and perimeter roads, and airport stormwater facilities.
13. At a minimum, the FBO will diligently monitor and report all deficiencies on the Airport and provide feedback regarding the City's annual maintenance activities and capital programs. It is the intention of the City to maintain the Airport to have facilities that are safe and in a condition that reflects favorably on the City.
14. Provide flight training, including the establishment of a Part 141 certified flight school at a date mutually agreed to by the parties of this Agreement.
15. Provide a range of aircraft rentals that is market appropriate to promote the growth of General Aviation users.

16. Provide a range of Air Taxi/Charter at various price points to meet the full range of customer needs at the Ames Airport, including turbine charter aircraft.
17. Provide Aircraft Sale services either self-performed or by contract with a third-party provider.
18. Provide on-site Rental car services, or make arrangements for vehicle delivery to the Airport.
19. Upon request, provide off-hours, on-call flight, and fueling services.
20. Snack bar in the Terminal Building.
21. Miscellaneous retail (pilot supplies, promotional clothing, etc.).
22. Provide Avionics Repair through a contract or third-party provider.
23. Provide Jet (Turbine) Engine maintenance either self-performed or through a third-party provider.
24. Specialized maintenance.

The Operator understands and agrees that no other services are authorized at the Ames Municipal Airport under the terms of this agreement. Any proposals to perform additional services or activities, or to delete any of the required services specified in this section, must receive written authorization from the Owner before the commencement of such additional service or activity or deletion of service.

B. Maintenance of Airport Surfaces and Grounds

1. Mowing and Trimming. The Operator will assume responsibility for providing the labor to mow all City-owned property at the Airport to standards agreed to by the Owner. In return, the Owner will provide for the Operator one (1) 60" to 72" Commercial Grade Zero-Turn Mower, one (1) Commercial Grade Tractor sufficient to perform wide-area or bulk mowing, along with all fueling and maintenance of the equipment. Fueling of the mowing equipment, in gallons, shall not exceed the fuel sufficient to conduct 12 rounds of fine mowing (approximately 5 acres) and six rounds of bulk mowing (approximately 30 acres) each year unless mutually agreed to by the Parties of this Agreement. Use of City owned equipment hereto can only be used to perform the requirements of this agreement for the safe and efficient operation of the airport.
2. Snow and Ice Removal. The Operator will assume responsibility to provide all labor for removing snow and ice from, including but not limited to, the airside paved surfaces, drive aisles, sidewalks, and parking areas on the City-owned property at the Airport. In return, the Owner will provide for the Operator one (1) Single-Axle

Truck with Standard Snow Plow, one (1) Heavy Equipment Loader, one (1) Heavy Equipment Operated Snowblower, and one (1) Snow Pusher/Box Plow, along with all fueling and maintenance of the equipment. Fueling of the snow removal equipment, in gallons, shall not exceed the fuel sufficient to completely clear the Airport property once per snow event of ½” of accumulation or higher, unless mutually agreed to by the Parties of this Agreement. Use of City owned equipment hereto can only be used to perform the requirements of this agreement for the safe and efficient operation of the airport. Also, the Operator must get written approval from the Owner before the application of de-icing chemicals, sand, or other material-based snow or ice control methods on the airside surfaces of the Airport.

SECTION 2: TERM OF AGREEMENT

The term of this contract shall commence on April 1, 2017, and end on June 30, 2022. Upon successful completion of the Agreement term, the City may choose to renegotiate another contract with the Operator or solicit competitive proposals. This Agreement shall extend to and be binding upon the parties, their, successors, and assigns

SECTION 3: PAYMENT TO THE CITY FOR OPERATIONAL PRIVILEGE

The following airport facilities are made available to the Operator:

- A. New approximately 7,000 sq ft Executive Terminal Building (Construction planned for 2016-2017) (Exhibit A – Building A)
- B. New (2016) Itinerant Hangar – 120 x 95 ft (11,400 sq ft) (Exhibit A – Building B)
- C. 4 T-Hangar Buildings – 52 Bays (Exhibit A – Buildings F, G, H, I)
- D. 5,100 sq ft Maintenance Shop (Exhibit A – Building E)
- E. 4,500 sq ft Ramp Service Building (Exhibit A – Building D)
- F. 2,500 sq ft of ISU Hangar for Aircraft Maintenance (Exhibit A – Building K)
- G. 4,600 sq ft Office/Misc Space (Exhibit A – Building C)
- H. Fuel Farm – 10,000 gal 100LL, 10,000 gal Jet A

The Operator shall provide and pay for all utilities used for the premises described above, including, but not limited to gas, water, electricity, sanitary sewer, stormwater, telephone, and solid waste disposal. It is clearly understood between the parties that the Owner shall provide, at the Owner’s expense, all electrical energy necessary for runway lighting and navigational aids now and in the future.

It is also understood and agreed to by the parties that Operator shall be responsible for paying any property taxes pertaining to the premises described above. Spaces within the New Terminal Building designated for exclusive use by the FBO has been shown in Exhibit B.

The Operator shall pay an annual fee as noted below, paid one-fourth quarterly in advance to the Owner, for the operational privilege and use of the facilities noted above:

July 1, 2017 – June 30, 2018:	\$50,000
July 1, 2018 – June 30, 2019:	\$60,000
July 1, 2019 – June 30, 2020:	\$61,800
July 1, 2020 – June 30, 2021:	\$63,600
July 1, 2021 – June 30, 2022:	\$65,600

Additionally, the fee for April 1, 2017, to June 30, 2017, will be \$12,500.

SECTION 4: PAYMENTS TO THE CITY FOR FUEL SALES

The City owns two 10,000-gallon underground fuel storage tanks. One holds 100LL and one holds Jet A. Fuel must be dispensed to aircraft via fuel truck(s) provided by the Operator. Fuel flowage rates will be paid by the Operator to the Owner on the 15th day of each month based on the volume dispensed the previous month at the following rates:

- A. Fuel flowage rate for Jet A: \$0.08 per gallon
- B. Fuel flowage rate for 100LL: \$0.08 per gallon

SECTION 5: FAILURE TO MAKE PAYMENTS TO THE CITY

In the event the Operator fails to make payments to the Owner in accordance with Sections 3 and 4 above within ten (10) days after the same shall become due, or in the event the Operator shall violate any of the terms or conditions of this agreement, and shall fail after a thirty (30) day notice in writing from the Owner to rectify such violation, Owner may, at its option, declare this agreement canceled and terminated and shall be entitled to immediate possession of the facilities reflected in Section 3.

SECTION 6: INSURANCE

The Operator shall procure and maintain for the entire duration of the agreement at its sole cost and expense all insurance policies described below, notwithstanding the ISU requirement in Section 7. All such insurance policies shall show on their face that the Operator is a named insured and that the City is named as an additional insured. Such insurance shall include coverage against liability for death, bodily injury, or property damage arising out of the acts or omissions of or on behalf of the Operator or involving any owned,

non-owned, leased or hired vehicle in connection with any of the obligations or activities of the Operator of the equipment, and shall be in the following categories and amounts:

- A. Comprehensive General Liability; \$3,000,000 each occurrence
- B. Completed Operations/Products Liability; \$1,000,000 each occurrence
- C. Hangarkeeper's Liability;
 - 1. \$100,000 each aircraft
 - 2. \$300,000 each loss
- D. Premises Medical Payments;
 - 1. \$1,000 each person
 - 2. \$5,000 each accident

All policies must include the City, its officers, agents, employees and volunteers as "Additional Insured" under its policies and must be endorsed to the applicable policy. The insurance coverage and limits are set at the sole discretion of the City and are subject to change or revision as the need arises. Policies shall not have an annual aggregate maximum or limit to the coverage, other than the limit of liability as shown on the face of the policy.

The Operator shall furnish the Owner with certificates of insurance effecting coverage required by this section. The certification shall provide for 30 days notice of any material change or cancellation of the policies.

When the Owner is added an additional insured, the Operator and the Insurers will include a provision that the additional insured status does not waive any of the defenses of governmental immunity available to the Owner under Iowa Code § 670.4 as it exists and as it may be amended.

To the extent permitted by law, Operator releases and waives the Owner, its employees, officials, and agents from any liability or responsibility to Operator or anyone claiming through the Operator by way of subrogation or otherwise for any loss or damage to property or injury to person.

SECTION 7: IOWA STATE UNIVERSITY HANGAR

Iowa State University ("ISU") owns the existing hangar reflected as Building K on Exhibit A and approximately 2,500 square feet in this building shall be available to the Operator to provide aircraft mechanical and maintenance services during the term of this agreement.

The designated portion of this hangar building shall be used solely as an aircraft maintenance facility.

The Operator shall obtain and maintain liability and property insurance while utilizing the designated portion of this hangar building in accordance with terms and limits prescribed by ISU before the Operator utilizing this facility.

SECTION 8: SERVICE LEVELS

A. Minimum Hours of Operation.

The required services shown in Section 1 shall be provided during the minimum hours of operation shown below, seven days per week, except for the approved holidays of Thanksgiving Day, Christmas Day, and New Year's Day:

Monday-Friday	6:00 – 19:00
Saturday, Sunday	7:00 – 19:00

B. Minimum staffing. The Operator shall have at a minimum one-line person during the minimum hours of operation, and one manager on duty during the hours of 8:00 to 17:00, Monday through Friday. The manager will be available on-call all other hours of the week. The manager shall be able to, and be responsible for all employees, to represent the Operator and have the authority to provide the highest level of customer service. The manager shall be responsible for providing service answering phones and UNICOM radio, greet visitors, and conduct business activities as outlined in the contract. The Operator shall have qualified maintenance personnel on the airport premises to provide services listed above a minimum of eight hours per day on all days except approved holidays and weekends. Service for flight training and charters shall be available by appointment with 24-hour prior notice to the Operator.

C. Non-discriminatory Service. The Operator agrees to furnish service on a fair, equal, and not unjustly discriminatory basis to all users of the Ames Municipal Airport, and to charge fair, reasonable, and not unjustly discriminatory prices for each unit of service; provided, that Operator may make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers or multiple service users.

D. Standards. The Operator understands that Owner considers the Airport and its facilities to be a main gateway into the City of Ames. Therefore, the Operator is expected to maintain all areas in a clean, safe, and professional manner. Also, the Operator is to train employees in a manner to enhance the image of the Owner and to routinely monitor their compliance in the areas of customer service and public relations. The Operator shall follow all provisions of the Minimum Operation Standards of the Airport. Failure of the Operator to maintain a professional and customer service driven environment will be grounds for termination of this Agreement.

E. Airport Promotions. The Operator shall provide a list of events to the Owner, annually on or before July 1 for approval by the Owner, which the Operator plans to undertake in the ensuing year to provide a positive aviation environment at the Ames Municipal

Airport. The Operator shall be an active member of the Airport Advisory Board and will give reports on the activity of the company's operations and the status of their promotional activities at each meeting.

- F. Customer Service. In keeping with the City's values, the Operator agrees to provide a positive customer service atmosphere to the users of the Airport.

SECTION 9: FEDERAL AVIATION ACT OF 1958- SECTION 308

It is hereby agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right prohibited by Section 308 of the Federal Aviation Act of 1958 (49 USC § 40103)) as amended, and the Owner reserves the right to grant to others the privilege and right of conducting any one or all of the aeronautical activities listed herein, or any other activity of an aeronautical nature.

SECTION 10: RULES AND REGULATIONS

The Operator agrees that the Owner has the right to adopt and enforce reasonable rules and regulations and that the Operator and all its employees, agents, and servants will faithfully observe and comply with all rules and regulations as may be adopted by the City of Ames, the United States of America, or the State of Iowa.

SECTION 11: ASSIGNMENT OR TRANSFER

The Operator may not assign or transfer this Agreement, or any interest herein, or sublet the premises or any part thereof without the prior written consent of the Owner. Any attempt at assignment, transfer, or subletting without such consent shall be void, and at the option of the Owner, deemed sufficient grounds for the cancellation and termination of this Agreement.

SECTION 12: OWNER CONTROL

The Owner reserves the right, (but shall not be obligated to the Operator), to maintain and keep in repair the landing area of the airport and publicly owned facilities of the airport, together with the right to direct and control all activities of the Operator in this regard.

The Owner reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent the Operator from erecting, or permitting to be erected, any building or other structure on the Airport,

which in the opinion of the Owner, would limit the usefulness of the Airport or constitute a hazard to aircraft.

The Operator shall not act as an agent or represent itself as an agent for the City of Ames in matters between the FAA and the City of Ames except those regulations that apply to the Operator's flight operations activities. The Owner does not have authority to direct the work of Operator's employees. The Operator is an independent contractor.

SECTION 13: OWNER IMPROVEMENTS

The Owner reserves the right to develop further or improve the landing area and all publicly owned aviation facilities of the Airport as it sees fit, regardless of the desires or views of the Operator and without interference or hindrance. However, if the Ames Airport in its entirety is closed, or all runways at the Airport are closed, for thirty days or more, there shall be no payments due from the Operator, for a period beginning on the said thirtieth day until runways are open again.

SECTION 14: NATIONAL EMERGENCY

During the time of war or national emergency, the Owner shall have the right to enter into an agreement with the United States government for military use of part or all of the landing area, the publicly owned air navigation facilities and other areas or facilities of the airport. If any such agreement is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the agreement with the government shall be suspended. Any fees associated with such suspension shall also be suspended during the period of the above-described inconsistency.

SECTION 15: RELATIONSHIP TO UNITED STATES GOVERNMENT

This Agreement shall be subordinate to the provisions of any outstanding agreement between the Owner and the United States relative to the maintenance, operation, or development of the Airport.

SECTION 16 - NON-DISCRIMINATION

The Operator will not, on the grounds of race, color, national origin, or any category or classification protected by State or federal law discriminate or permit discrimination against any person or group of persons in any manner prohibited by Part 21 of the Regulations of the Office of the Secretary of Transportation. The Owner reserves the right to take such action as the United States government may direct to enforce this covenant.

SECTION 17: ADVERTISING

The Operator agrees that no signs or advertising material shall be placed or erected upon the premises made available to the Operator in Section 3 without the prior consent of the Owner. All signs and advertising material shall be well maintained and in a readable condition. Any such sign or advertising material that is determined by the Owner not to be in conformance with the City of Ames advertising sign requirements shall be removed upon receipt of written notice.

SECTION 18: FACILITY CONDITION AND MAINTENANCE

The Operator accepts the premises and the buildings thereon in their present condition and will maintain the standards of a professional aviation facilities. The Operator shall be required to ensure that all areas are maintained to those highest standards daily. The Operator agrees to perform minor daily maintenance and repair at its own expense. Minor daily maintenance and repair shall be defined as any activity necessary to continue the day to day operation such as normal cleaning and sanitizing, trash removal, minor repairs of light and electrical fixtures, plumbing fixtures, replacement of broken or defective parts, and general building cleanliness. The Operator shall furnish and direct all labor necessary to perform the required minor daily maintenance and repair. The Operator shall maintain supplies and cleaning of public restrooms and areas. The Operator shall inspect the Airport property daily, including property not made available under Section 3 of this Agreement, for any safety problems and report such problems to the Owner for repairs. The Operator shall provide temporary help to service any unusual Airport problem or Airport use or user when necessary. The Operator at all times shall take such action, as may be reasonably necessary and proper to safeguard persons and property at the Airport.

The Owner may perform all major maintenance on Owner owned facilities and equipment. Major maintenance shall be defined, as any repair or maintenance required correcting a catastrophic failure or preventing a catastrophic failure from occurring.

The Operator shall keep the premises and buildings in the same condition and repair as at the commencement of this agreement or better, excepting only normal wear and tear. Painting and carpet repair in all the premises will be the responsibility of the Operator. The Operator shall furnish and maintain appropriate fire extinguishers in all buildings, including tee hangars. The Operator shall keep the premises and buildings free of trash and debris, in and around all buildings, and meet all ordinances of the City of Ames, which in any way may affect the premises and keep the sidewalks adjacent to the property free and clear of ice and snow.

Upon termination of this Agreement, the Operator shall yield up the premises and buildings to the Owner in the same condition as at the commencement of this Agreement, except only normal wear and tear and injury due to loss or fire not caused by negligence on the part of the Operator and except as specifically provided herein. The Operator will aid in the

coordination of contracted maintenance activities to ensure the safety of air traffic activities and issue appropriate NOTAMS as necessary.

SECTION 19: USE OF ITINERANT HANGAR

The primary purpose of the Itinerant Hangar reflected on Exhibit A is to house non-based aircraft at the Ames Municipal Airport on a temporary basis. In return for the annual fee to the Owner specified in Section 3, the Operator is allowed to establish and retain fees for the use of this facility. Four companies; Workiva, REG, Todd & Sargent and Kingland Systems; each contributed \$50,000 or more towards the construction of the new itinerant hangar. In return for their contribution, the Operator shall notify these four companies of its intent to rent available space within this hangar for short periods of time. It is understood and agreed by the parties that the Operator is under no obligation to rent space to these companies, but only to make them aware of this rental opportunity.

SECTION 20: INSPECTIONS

The Owner reserves the right to enter upon all the premises granted to the Operator under Section 3 at any reasonable time for the purpose of making any inspection it may deem expedient.

SECTION 21: EXPIRATION OR TERMINATION

If the Owner believes that the Operator fails to provide adequate staffing as per this contract, fails to provide and implement an acceptable promotional plan, or fails to develop a fair and positive customer service atmosphere for the Airport users and the community, the Owner agrees to give written notice of such to the Operator. The Operator will then have 30 days to rectify the problem. If after 30 days, the problem has not been rectified to the satisfaction of the Owner, the Owner may terminate this Agreement upon giving the Operator 30 days written notice. At the expiration or termination of this Agreement, the Operator agrees to give peaceful possession of the premises in as good a condition as exists at the commencement of this Agreement, ordinary wear and tear excepted.

SECTION 22: DEFAULT

If there be any default in the payment in accordance with Sections 3 or 4 at the time as above stated, or if Operator shall break any of the covenants and agreements herein contained, or shall willfully or maliciously do injury to the premises or shall file a petition in bankruptcy or have an involuntary petition in bankruptcy filed against it or seek any other relief from creditors through a court of bankruptcy or make an assignment for the benefit of creditors, the Owner or its legal representatives shall have the right at any time thereafter, without notice, to declare this Agreement terminated and may then re-enter the premises

and expel the Operator using such force as may be necessary, without prejudice to any remedies which the Owner may have to arrears for payment; and, it is agreed that upon the occurrence of any default by the Operator under this Agreement, the Owner shall have the right to distrain for fees due under Sections 3 and 4 and shall have a valid and first lien upon all shop equipment located upon the premises as security for the payment of such fees and other obligations herein provided for. The Operator agrees that after any default, it will not remove from the premises any of its equipment, books of account, or fixtures until the accounts of the Owner and the Operator under this agreement have been finally and completely settled, and agrees not to remove any stock after any default by it herein until such accounts have been settled. In addition, the Owner agrees to buy any fuel remaining in the Owner's fuel depot at the actual cost from the Operator; minus any pre-paid hangar rents.

SECTION 23: OPERATOR'S PROPERTY

The Operator shall have the right to remove from the premises all machinery, apparatus, and equipment installed therein whether or not such machinery, apparatus, and equipment be attached to the real estate, excepting that such right of removal shall not apply to any machinery, apparatus, or equipment paid for in whole or in part by the Owner and provided that all such machinery, apparatus, and equipment shall be removed at the date of the termination of this Agreement and provided further that the Operator shall restore and repair any damage to the Premises caused by the removal of such machinery, apparatus, and equipment.

SECTION 24: CASUALTY LOSS

In the event any or all the premises are totally destroyed by fire or other casualty, the Owner may at its option terminate this agreement or it may rebuild the building situated on the premises and in such case the payment from the Operator shall be abated proportionately between the time of destruction and the repair or rebuilding thereof; provided, that in the events aforesaid, the options allowed to the Owner shall be exercised within thirty (30) days after the event giving rise thereto.

SECTION 25: OFFICIAL NOTICES

Notice to the Owner as herein provided shall be sufficient if sent by certified mail, postage prepaid, to the City Manager of the City of Ames, Iowa, and notice to the Operator, in the same manner, shall likewise be sufficient if addressed to the Operator at Ames, Iowa, or such other address as may be designated by the Operator from time to time. Operator shall give Owner notice when:

- A. There is any abandonment or expected abandonment on any of the buildings or premises granted in Section 3.

- B. When there is or is expected any breakdown in services or reduction or increase of services.
- C. When there is a change in the use of the premises or a planned or anticipated change in the use of premises.
- D. When any condition exists that may lead to major maintenance and repair of Owner owned facilities and equipment.
- E. Any event in which the Airport may be subjected to a major loss, accident, investigation, or need of representation by an Owner official.

SECTION 26: AFFIRMATIVE ACTION PROGRAM

The Operator assures that it will undertake an affirmative action program as required by 14 CFR§ 152.407 et seq. , to ensure that no persons shall on the grounds of race, creed, color, national origin, sex, or other category protected by State or federal law be excluded from participating in any employment activities covered in the applicable regulations . The Operator assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Operator assures that it will require that its covered sub-organizations provide assurances to the Operator that they similarly will under affirmative action programs and that they will require assurances from their sub-organizations as required by the applicable regulations, to the same effect.

SECTION 27: EQUIPMENT AND APPURTENANCES

The Owner shall own, maintain, and operate certain items of equipment necessary for the economic pursuit of maintenance programs and as needed to provide basic aeronautical services to the traveling public. These items of equipment and appurtenances include but are not limited to the automatic weather observation station, the unicorn radio, non-directional beacon, pumps for dispensing aeronautical fuel and associated underground fuel storage tanks, and motorized equipment necessary to implement the maintenance programs at the Owner's discretion. Vehicles or equipment shall not be parked on aircraft apron areas without permission of the Owner.

SECTION 28: EMPLOYEE USES

The Operator shall establish whatever employee lounge or lunchroom it deems necessary at its own expense in a space that is separate and distinct from the public spaces of the Airport terminal building.

SECTION 29: CITY REPRESENTATIVE

Administration of the Ames Municipal Airport, and enforcement of the rules and policies of the City of Ames with respect to the Ames Municipal Airport, shall be the task of a designee of the Ames City Manager, and not the function of the Operator, except as specified by contract or the Council adopted Airport Operation Standards. The Operator hereby acknowledges and agrees to accept the authority of the City Manager and the City Manager's designees on any and all matters at the Airport.

SECTION 30: INDEMNITY

To the fullest extent permitted by law, Operator shall indemnify and hold harmless the Owner, its elected and appointed officials, employees, and agents from and against all claims, damages, losses, and expenses, including but not limited to, attorney fees whether incurred prior to or during litigation, administrative hearings, arbitration, or bankruptcy, including trial and appellate levels, arising out or resulting from the performance of the services, responsibilities, or duties required by this Agreement, provided that any such claim, damage, loss, or expenses is caused in whole or in part by a negligent act or omission of the Operator, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, regardless of whether or not it is caused in part by an Owner.

SECTION 31: FAA GRANT REQUIRED PROVISIONS

Operator agrees as follows:

- A. Furnish services under this Agreement on a reasonable, and not unjustly discriminatory, basis to all users
- B. Charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the Operator may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
 1. Each fixed-based operator at the Airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of the Airport and utilizing the same or similar facilities.
 2. Each air carrier using the Airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the Airport to serve any air carrier at the Airport.

3. Each air carrier using the Airport (whether as a tenant, non-tenant, or subtenant or another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of the Airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by the Operator provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.
4. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the Airport from performing any services on its own aircraft with its own employees including, but not limited to maintenance, repair, and fueling, that it may choose to perform.
5. In the event, the Owner itself exercises any of the rights and privileges referred to in this Section, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the Owner or Operator under these provisions.
6. The Owner may establish such reasonable and not unjustly discriminatory conditions to be met by all users of the Airport as may be necessary for the safe and efficient operation of the Airport.
7. The Owner may prohibit or limit any given type, kind or class of aeronautical use of the Airport if such action is necessary for the safe operation of the Airport or necessary to serve the civil aviation needs of the public.

SECTION 32: ENVIRONMENTAL MATTERS

The Operator is responsible for not only its activities on Airport property, but also activities of its employees, contractors, and agents for any activities conducted at the Airport. The Operator will comply with all applicable federal, state or local environmental laws and regulations as regards the Airport. The Operator will hold the Owner harmless and indemnify Owner for any violations of environmental rules and regulations by Operator, its contractors, agents, or employees.

SECTION 33: WAIVER OF VISUAL ARTISTS RIGHTS

The Operator shall not install any object in or on the Airport or commence construction of any improvement that constitutes a work of visual art under the Visual Artists Rights Act of

1990 and any corresponding provisions of State or local law now in effect or hereafter enacted ("VARA"), unless a written waiver is provided from the author of a work of visual art, in form and substance reasonably satisfactory to the Owner that identifies specifically the work of visual art and the uses of that work to which the waiver applies in accordance with 17 U.S.C. § 106A(e)(1) and any similarly applicable provision of state and local law.

SECTION 34: CONTRACT INTERPRETATION

- A. This Agreement and all claims or disputes arising out of or relating to it are governed by the laws of the State of Iowa, and any action, claim or proceeding arising out of or relating to this Agreement must be brought only in Story County, Iowa. Each party hereby waives any objection, including any objection based upon improper venue or forum non conveniens, that it may have, now or in the future, to the bringing of any action, claim or proceeding in Story County, Iowa.
- B. Owner and Operator hereby irrevocably and unconditionally waive all right to trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement.
- C. No failure by either party to insist upon the strict performance of any provision of this Agreement or to exercise any right or remedy consequent upon a breach, and no acceptance of full or partial compensation or other performance by either party during the continuance of any breach, will constitute a waiver of a breach of any provision.
- D. If any provision of this Agreement or its application, is held to be unenforceable, the remainder of this Agreement and the application of its remaining provisions will not be affected, unless this Agreement without the enforceable provisions fails in its essential purpose.
- E. This Agreement, together with all exhibits and attachments, constitutes the entire agreement between the parties, and all prior representations, promises or statements, verbal or written, are merged into this Agreement. This Agreement supersedes and cancels any and all previous agreements and understandings on its subject matter between Operator and Owner.
- F. Nothing in this Agreement is intended to create or establish the relationship of copartners between the Parties or to constitute Operator is an agent or representative of the Owner for any purpose or in any manner whatsoever, other than as provided in Section 12. The Operator is an independent contractor to the Owner.
- G. If any provision of this Agreement conflicts with any grant, bond resolution, or security documents executed in connection with such bond resolution, then the terms of the grant, bond resolution, or security documents govern.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this _____ day of _____, 2016.

CITY OF AMES, IOWA

**CHARLES CITY AERONAUTICS, INC.
d/b/a Central Iowa Air Service**

By _____
Ann H. Campbell, Mayor

By _____

Attest _____
Diane R. Voss, City Clerk

STATE OF IOWA, STORY COUNTY, ss:

STATE OF IOWA, STORY COUNTY, ss:

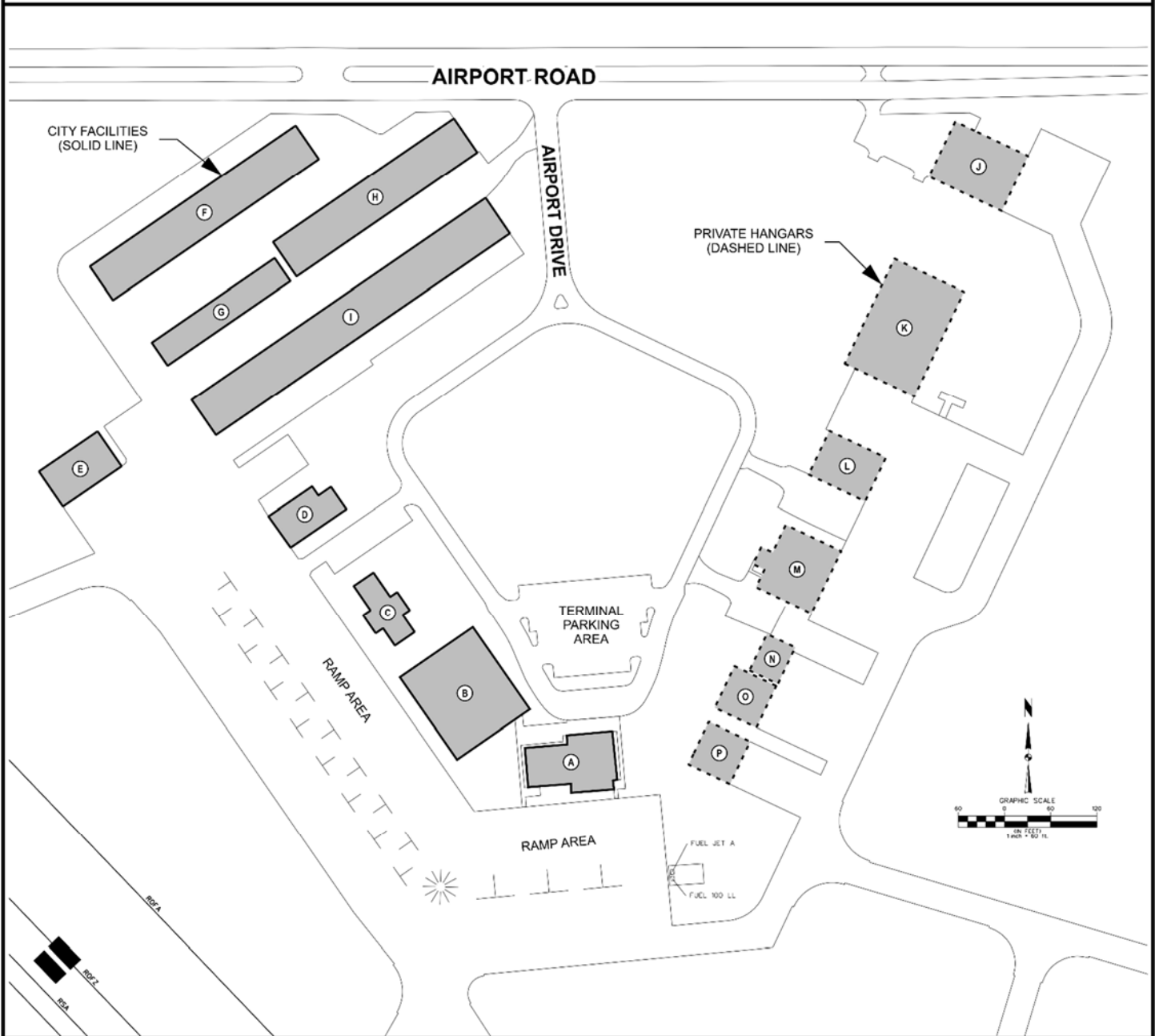
On this _____ day of _____, 2016, before me, a Notary Public in and for the State of Iowa, personally appeared Ann H. Campbell and Diane R. Voss, to me personally known, and who, by me duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Ames, Iowa; that the seal affixed to the foregoing instrument is the corporate seal of the corporation; and that the instrument was signed and sealed on behalf of the corporation, by authority of its City Council, as contained in Resolution No. _____ adopted by the City Council on the _____ day of _____, 20____, and that Ann H. Campbell and Diane R. Voss acknowledged the execution of the instrument to be their voluntary act and deed and the voluntary act and deed of the corporation, by it voluntarily executed.

On this _____ day of _____, 2016, before me, a Notary Public in and for the State of Iowa, personally appeared _____ to me personally known, who being by me duly sworn, did say that he is the _____, of the corporation, that the seal affixed to the instrument is the seal of the corporation, or no seal has been procured by the corporation, and that the instrument was signed and sealed on behalf of the corporation by authority of the Board of Directors, and he acknowledged the execution of this instrument to be the voluntary act and deed of the corporation _____ by _____ it voluntarily executed.

Notary Public in and for the state of Iowa

_____Notary Public in and for the State of Iowa

EXHIBIT A: AMES TERMINAL AREA BUILDING LAYOUT



BUILDING IDENTIFICATION

ID	DESCRIPTION	ID	DESCRIPTION
A	TERMINAL BUILDING	J	PRIVATE LAND LEASE HANGAR
B	ITINERANT HANGAR	K	ISU HANGAR #1
C	OFFICE/MISC SPACE (OLD TERMINAL)	L	ISU HANGAR #2
D	RAMP SERVICE BUILDING	M	PRIVATE LAND LEASE HANGAR
E	MAINTENANCE BUILDING	N	PRIVATE LAND LEASE HANGAR
F	14 BAY TEE HANGAR	O	PRIVATE LAND LEASE HANGAR
G	6 BAY TEE HANGAR	P	PRIVATE LAND LEASE HANGAR
H	12 BAY TEE HANGAR		
I	20 BAY TEE HANGAR		

EXHIBIT B: FBO ADMINISTRATION SPACES (EXCLUSIVE USE)

Terminal Building - Plan
 0' 4' 8' 16'
 N



FBO Administration

- 2 Enclosed Offices
- 4 Open Work Desks
- Additional Office Space at Existing Terminal
- Recessed Electrical Panel

Plan Key of Program Categories

Public	Conference / Meeting	Training / Multi-Purpose	Administration / Building Operation	Pilot Area	Leasable Office Space	Mechanical / Restroom / Utility / Storage
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Square Footages

Passenger Lobby / Lounge	2,224 sf
FBO Offices	555 sf
Training / Multi-Purpose	580 sf
Reception / Copy-File / Kitchenette / Line Crew	445 sf
Restrooms / Janitor	423 sf
Storage	63 sf
Vending	18 sf
Cafe	23 sf
Pilot Area	1,034 sf
Conference	517 sf
Business Center	17 sf
Mechanical / Electrical / Communications	315 sf
Circulation / Vestibules	423 sf
Total Building SF	6,601 sf

Design Development
 Ames Municipal Airport New Executive Terminal

Comm. No. 2015090 20 November 2015

BOLTON & MENK, INC. ALLIANCE