

COUNCIL ACTION FORM

SUBJECT: AIRPORT HANGAR LEASE RENEWALS

BACKGROUND:

The Ames Municipal Airport currently has land leases with six aircraft hangar owners; three of the six currently need renewal. These leases have been renewed several times in the past with various contract lengths and terms. The City of Ames entered into a contract with Snyder & Associates Engineering to prepare an Airport Master Plan. Snyder completed an analysis of the current lease structures as part of the plan and recommended the current lease rates.

These leases are now being adjusted and renewed for another 5-year period with forecasted rates being consistent with the adopted Airport Master Plan. A general summary of the provisions within each lease include; the term of the lease, the facility is used for aviation purposes only, responsibility for all utilities, lessees must own and maintain all structures on the leased area, agree to obey all applicable codes, laws, and adopted Minimum Operating Standards of the Ames Airport, provide proof of liability insurance, and finally provision for early termination of the lease by either request of the lessee or by way of failure to pay the agreed lease amounts, etc.

The annual adjustment in lease rate is the same for all of the land leases and increases by \$0.005/sq.ft./year. Land lease rates have been set for Ames to be competitive in this market. The only exception to this is the land leased by the Ames Hangar Club due to the fact that they do not have paved access to the Airport surfaces and agreed to maintain the mowing around their hangars in return for a reduced rate (they are located along the far western edge of the Airport).

Below is a table showing general statistics about each lessee as well as fees from the last year of the existing lease and the first year of the new lease. **It should emphasized that the lease fee will be increased by \$.005/sq.ft. in each of the subsequent four years of the term.**

Lessee	Land Area (sq.ft.)	Amount for 2016/17	Amount for 2017/18	Term of Lease (years)
Viking Aviation, Inc.	13,600	\$2,625.00	\$2,693.00	5
Craig Sommerfeld	44,436	\$8,587.00	\$8,798.00	5
Kenneth Augustine	10,800	\$2,084.00	\$2,138.00	5

Viking Aviation Inc., Craig Sommerfeld, and Kenneth L. Augustine have agreed to the terms and rates established in these leases and have signed them as required. An

example hangar lease has been attached to the Council Action Form.

ALTERNATIVES:

1. Approve the leases for Viking Aviation, Inc., Craig Sommerfeld, and Kenneth L. Augustine.
2. Reject the lease rates and establish new rates.

MANAGER'S RECOMMENDED ACTION:

The leased land for private hangars at the Ames Municipal Airport is an important component of the economic well-being of the Airport beyond the revenues generated. These facilities attract a significant amount of fixed-based aircraft, which can generate a larger number of daily operations critical in supporting the long-term health and vitality of the Airport.

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

CITY OF AMES AND
AIRPORT LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into effective the 1st day of April, 2017, by and between the City of Ames, Iowa, a municipal corporation, hereinafter referred to as Lessor, and _____, hereinafter referred to as Lessee.

Lessor owns and operates an airport within its corporate limits which is known as the Ames Municipal Airport, which includes certain aeronautical facilities, and is desirous of leasing to Lessee certain premises on that airport to be more fully described hereinafter, together with the right to use and enjoy individually and in common with others, the airport facilities.

In consideration of the rents and agreements herein contained, Lessor does hereby lease to Lessee and Lessee does lease from Lessor the land shown on the property plat and description attached as Parcel _ upon the following terms and conditions:

1. The term of this lease shall be for a period of five (5) years, commencing on April 1, 2017, and may be renewed by the Lessee for a five (5) year period under the same terms and conditions if a new yearly rental rate shall then be agreed to. The Lessee shall, by written notice as provided herein, advise Lessor of its intention to renew at least three (3) months prior to the expiration date of this lease. The Lessor shall have the right to terminate this lease and retake possession of the premises on not less than 180 days written notice when reasonable and necessary to Lessor's airport purposes.

2. The Lessee agrees to pay to the Lessor for the use of said premises herein mentioned, and for the nonexclusive use of other public airport facilities, including but not limited to taxiways and runways, an annual rental fee payable in full. The first annual payment is to be made on the date of the execution of this Agreement, and on each anniversary date of this Agreement so long as it shall remain in force. The Lessor agrees that all such yearly rental payments shall be used in total to support the operating budget of the Ames Municipal Airport during the year subsequent to each payment. For the first five year period, the annual rental fee is established according to the following schedule:

a. April 1, 2017 to March 31, 2018	\$ _____
b. April 1, 2018 to March 31, 2019	\$ _____
c. April 1, 2019 to March 31, 2020	\$ _____
d. April 1, 2020 to March 31, 2021	\$ _____
e. April 1, 2021 to March 31, 2022	\$ _____

3. Lessee agrees to furnish and pay for their own heat and all public utilities including but not limited to gas, water, electricity and sewage disposal service, if any; and to pay any and all taxes and/or assessments that may be levied against said premises.

4. Lessee shall use the leased premises, and the building located thereon, for the following specified purposes only:

- a. flight training school,
- b. aircraft maintenance and repair, with lubricating oil sales,
- c. aircraft rental,
- d. aircraft hangar space rental,
- e. aircraft insurance,
- f. aircraft sales and service,
- g. aircraft charter service,

provided that those activities are conducted in accordance with the Operation Standards for Ames Municipal Airport adopted by Ames City Council Resolution 97-590, November 13, 1997, as the same may be amended from time to time.

It is further provided that Lessee shall not engage in the storage, sale, or dispensing of any form of fuel on the leased premises without first entering into an addendum to this Agreement to establish relevant standards for methods of fuel storage, flowage fees, and other relevant terms and conditions to protect the public safety, preserve the public property at the airport, and foster adequate levels of service to aviators using the airport.

5. Lessee shall retain title to all structures and buildings placed upon said premises and shall have the right to remove the same upon the termination or cancellation of this lease. However, if not so removed within 180 days from the date of termination or cancellation of the lease, all such improvements shall be deemed abandoned and shall become the property of the Lessor.

6. The parties hereto for themselves, their legal representatives, successors and assigns, further covenant and agree as follows:

- a. Lessee agrees to observe and obey during the term of this lease all laws, ordinances, rules, and regulations promulgated and enforced by Lessor, and by any other proper authority having jurisdiction over the conduct of operations at the airport. This includes the Airport Operations Standards which may be amended from time to time by the City Manager. Lessee shall apply to the City Building Official for such permits and certificate of occupancy as may be required for the proposed use of the building on the leased premises under applicable building code and for prevention code provisions.
- b. So long as Lessee conducts its operations in a fair, reasonable and a workmanlike manner, Lessee shall peaceably have and enjoy the leased premises, and all the rights and privileges herein granted.
- c. Lessee agrees that no signs or advertising matter may be erected without the consent of Lessor.

- d. Lessor hereby designates the City Manager as its official representative, with the full power to represent Lessor in all dealings with Lessee in connection with the premises herein leased. Lessor may designate by notice in writing, addressed to Lessee, other representatives from time to time and such notice shall have the same effect as if included in the terms of this Agreement.
- e. Notice to Lessor as herein provided shall be sufficient if sent by certified mail, postage prepaid, to the City Manager of the City of Ames at Ames, Iowa, and notice to Lessee in the same manner, shall likewise be sufficient if addressed to Lessee at Ames, Iowa, or such other address as may be designated by Lessee from time to time.
- f. Lessee shall keep the premises, as particularly described herein, clean and shall dispose of all debris and other waste matter which may accumulate, and shall provide metal containers, with property covers, for waste within the building or buildings now erected on said premises.

7. Lessee shall procure and maintain for the entire duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the Lessee contractor's operation, and use of the leased premises. The Lessee shall pay the entire cost of such insurance.

Coverage shall, in every case, be in the following form and amounts:

General Liability: ISO Commercial General Liability coverage "occurrence" form CG 00 01, in the amount of \$1,000,000 combined single limit per occurrence of bodily injury, personal or property damage.

Automobile Liability: ISO form number CA00 01-87 covering automobile liability, Code 1 "Any Auto" in the amount of \$500,000 combined single limit per occurrence for bodily injury, personal injury, and property damage.

Workers' Compensation: Statutory as required by the State of Iowa.

To the fullest extent permitted by law, the Lessee shall indemnify and hold harmless the City of Ames, its agents, servants, and employees against all claims, demands, and judgments made or recovered against the City for damages to real or tangible personal property, or for bodily injury or death to any person arising out of, or in connection with, this Agreement. However, the damage must have been caused solely or in the greatest part by the negligence of the Lessee, sub-lessee, or anyone directly or indirectly employed by any one of them.

Lessee shall furnish the City with certificates of insurance effecting coverage required by this clause. The certification shall provide for 30 days notice of any material change or

cancellation of the policies.

8. Lessor agrees to extend to Lessee the same fire and police protection extended to the other tenants and facilities on the airport.

9. The Lessor agrees to provide mowing of public grounds, but not the leased land, during the growing season as appropriate and to provide snow removal for taxi ways, runways, and public driveways as required.

10. Failure on the part of Lessee to pay the rent hereunder within thirty (30) days after the same shall become due and Lessee has been advised of said nonpayment shall authorize Lessor, at its option and without any legal proceedings, to declare this lease void, cancel the same, and re-enter and take possession of the premises, or, at Lessor's option, the entire amount of rent, payable hereunder may be declared due and payable at once and action brought for the recovery of the same.

11. If Lessee shall violate any of the restrictions in this lease, or shall fail to keep any of its covenants after written notice to cease such violation and a reasonable time thereafter to correct same, Lessor may at once, if it so elects, terminate the same and take possession of the premises.

12. Lessor reserves the right to enter upon the premises at any reasonable time for the purpose of making any inspection it may deem expedient to the property enforcement of any of the covenants or conditions of this Agreement.

13. Lessor reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.

14. Lessor reserves the right to direct and control all activities of Lessee in connection with the use of the landing area, and all the public owned facilities of the airport, and agrees to perform all normal maintenance and upkeep on the landing area, and to maintain all publicly owned facilities in repair.

15. Lessor 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 Lessee from erecting or permitting to be erected, any building or other structure on the airport which, in the opinion of Lessor, would limit the usefulness of the airport or constitute a hazard to aircraft.

16. Leased land used for the purpose of parking aircraft must be on paved surfaces as approved by the Lessor. Outside storage of damaged or salvaged aircraft shall not be permitted.

17. During time of war or national emergency, Lessor shall have the right to lease the landing area or any part thereof to the United States Government for military or naval use, and, if any such lease is executed, the provisions of this instrument insofar as they are inconsistent

with the provision of the lease to the Government, shall be suspended.

18. This lease shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States, relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the airport.

19. The Lessee, in the operation and use of the leased premises, and the Ames Municipal Airport will not, on the grounds of race, color, or national origin, discriminate or permit discrimination against any persons or group of persons in any manner prohibited by Part 15 of the Federal Aviation regulations, and Lessor and the United States Government shall have the right to take such action as the government may direct to enforce this paragraph.

20. This lease shall not be assigned, transferred, or subleased in any form without the prior written approval of the Lessor. Such approval shall not be unreasonably withheld unless the provisions of this lease are altered to the extent that the Lessor's rights as herein specified would be diminished.

IN WITNESS WHEREOF, the parties have hereunto set their hands and signatures the day and year first above written.

CITY OF AMES, IOWA

By: _____
Ann H. Campbell, Mayor

By: _____

Approved as to Form

By: _____
Judy K Parks, City Attorney

Attachment: Plat of Leased Area