

COUNCIL ACTION FORM

SUBJECT: AIRPORT HANGAR LAND LEASE EXTENSION FOR HAP'S AIR SERVICE

BACKGROUND:

Hap's Air Service has a private hangar land lease for their business located at 2508 Airport Drive. The previous land lease began on January 1, 1993 and was for a 25-year period. City staff has been working on the development of the Airport Master Plan update, which relates significantly to the development of land leases considering the Master Plan analyzes market lease rates. The Master Plan update may also affect the operational standards used in the leases at the airport.

Hap's Air Service has requested that the City enter into a new 25-year lease. However, to allow enough time to complete the Master Plan update, staff is recommending that their lease be extended, under the same lease terms, through June 30, 2019. That would constitute an 18-month extension (see attached). The rate for the last full lease year was \$5,853. Staff proposes to keep the rate the same for the first six months of 2018, then starting in Fiscal Year 2018/19 apply the same approximate 2.5%/year increase that is applied to other land leases. A summary of these fees has been provided below:

Term	Rate
January 1, 2018, to June 30, 2018	2,926.50
July 1, 2018, to June 30, 2019	5,997.00

Total = 8,923.50

Hap's has already made a partial payment of \$5,853.00. Thus, pending City Council approval of the extension, Hap's will be billed the remaining \$3,070.50.

ALTERNATIVES:

1. Approve the 18-month extension to the Airport Hangar Land Lease with Hap's Air Service engine in June 30, 2019.
2. Direct Staff to make modifications to the agreement.

MANAGER'S RECOMMENDED ACTION:

By approving the 18-month lease extension, it will provide the time needed staff to both work on the Master Plan update and work with Hap's Air Service to develop a new 25-year lease. **Therefore, the City Manager recommends that the City Council adopt Alternative No. 1, as noted above.**

Amendment of Aircraft Hangar Site Lease

THIS IS AN AMENDMENT made by and between Lessor and Lessee upon the following terms and conditions:

- 1 Definitions. When used in this Amendment, unless otherwise required by the context:
 - 1.1 "Lessor" means the City of Ames, an Iowa municipal corporation, whose address for the purpose of this agreement is 515 Clark Avenue, Ames IA 50010.
 - 1.2 "Lessee" means Hap's Air Service, Inc., an Iowa Corporation, whose address for the purpose of this agreement is 2508 Airport Drive, Ames, IA 50010
 - 1.3 "Agreement" means the Aircraft Hangar Site Lease presently in force between Lessor and Lessee dated January 1, 1993.
 - 1.4 "Amendment" means this instrument as signed by the Lessor and Lessee.
- 2 Amendment. The parties agree that the term Hangar Site Lease Agreement is hereby extended until June 30, 2019, at which time the Lease term shall end. The rental rate from January 1, 2018, until June 30, 2019, shall be \$8,923.50 which sum shall be due and owing to Lessor by Lessee upon full execution of this Amendment. The City of Ames acknowledges receipt of partial rent in the amount of \$5,853.00, which shall be applied to the total amount due for the time period from January 1, 2018, until June 30, 2019. The balance owed in the amount of \$3,070.50 shall be paid by Lessee to the Lessor.
- 3 Continued Full Force. The Agreement shall continue to have full force and effect in accordance with the terms thereof, subject, however, to this Amendment.

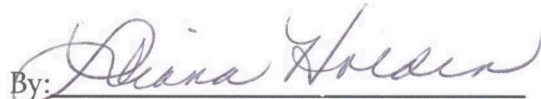
IN WITNESS OF THIS AMENDMENT, Lessor and Lessee approve and agree to the terms of this Amendment as stated herein.

CITY OF AMES, IOWA

HAP'S AIR SERVICE

By: _____

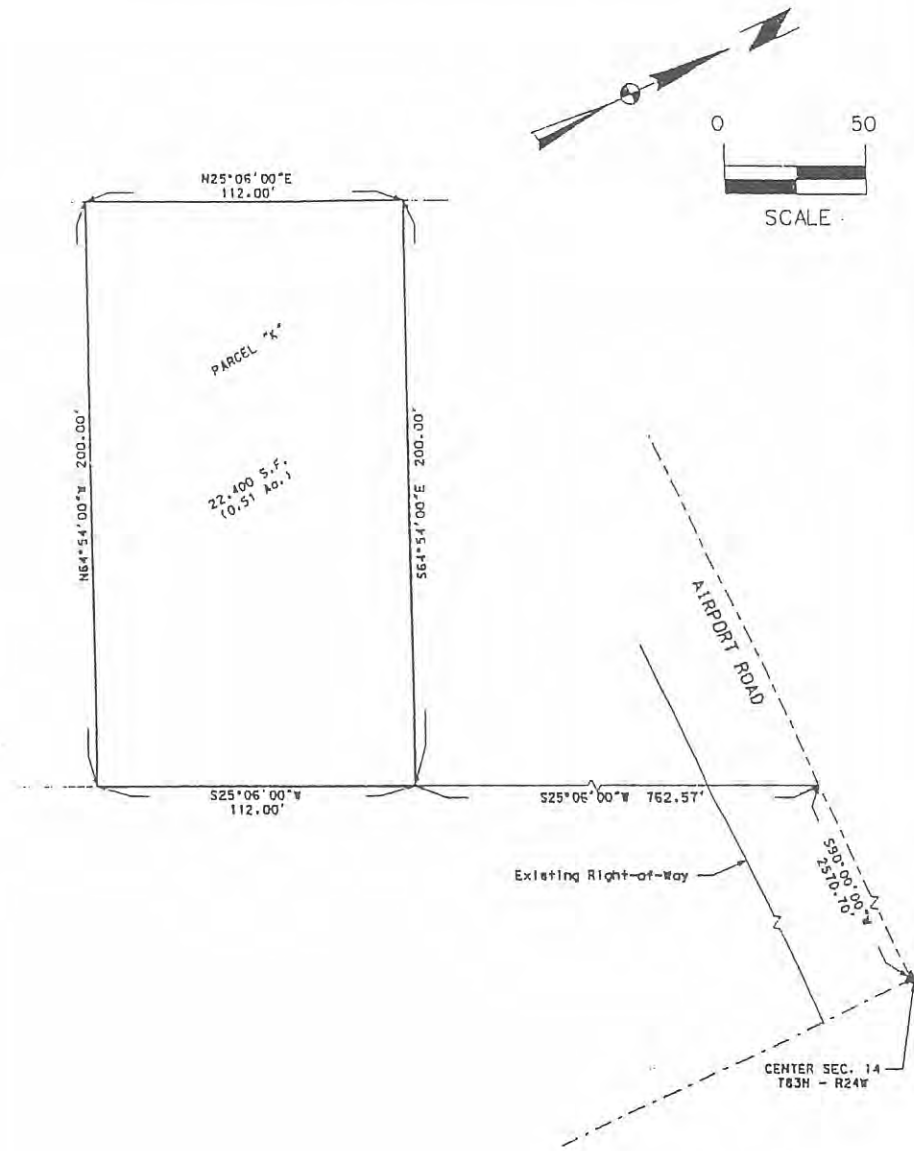
John Haila, Mayor

By:  _____

Diana Holden, Hap's Air Service, Inc.

Attachment: Plat of Leased Area

LEASE AGREEMENT PLAT



COMMENCING AT THE CENTER SECTION 14, TOWNSHIP 83 NORTH, RANGE 24 WEST; THENCE SOUTH 90°00'00" WEST (ASSUMED) 2570.70 FEET ALONG THE CENTERLINE OF SECTION 14; THENCE SOUTH 25°06'00" WEST 762.57 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING SOUTH 25°06'00" WEST, 112.00 FEET; THENCE NORTH 64°54'00" WEST, 200.00 FEET; THENCE NORTH 25°06'00" EAST, 112.00 FEET; THENCE SOUTH 64°54'00" EAST, 200.00 TO THE POINT OF BEGINNING, ALL LOCATED IN THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 15, TOWNSHIP 83 NORTH, RANGE 24 WEST OF THE 5TH P.M., IN THE CITY OF AMES, STORY COUNTY, IOWA AND CONTAINING (22,400 SQ. FT.) MORE OR LESS.

AMES AIRPORT		SHEET	OF
PARCEL "K"		PN 95712A FN	
	SNYDER & ASSOCIATES	ENGINEERS PLANNERS	501 S.W. ORALABOR ROAD AMES, IA 50021 (515) 964-2020
			DATE: MARCH 1997
		TECH: KIM	