AGENDA ITEM

TO: Mayor and City Council

FROM: Drew Bontrager, Public Works Director ****** Third Reading***

SUBJECT: Airport Hangar Rates

DATE: September 30, 2010

SECOND READING UPDATE:
At the last Council meeting staff requested that the lease agreement with Jim Heavner be removed from the agenda. Staff needed more time to review documents and negotiate with Mr. Heavner. Once negotiations are complete then a lease agreement may come to Council for consideration. The other two lease agreements for the attached box hangar and t-hangars are still recommended for approval.

ORIGINAL COVER MEMO:

PURPOSE

The attached bill would authorize the City Manager to sign a two year agreement with Craft Airmotive and Jim Heavner for the use of box hangars located at the Cameron Memorial Airport. In addition, this would also allow the City Manager to add new language, increase the rent and enter into month-long agreements with the tenants of the open and closed T-hangars located at the Cameron Memorial Airport.

BACKGROUND

The Red X box hangar was privately constructed in 1986 with an 18 year lease, on the ground only, commencing March 1, 1987 and terminating February 28, 2005. On August 21, 1990 the contract was amended to extend the expiration date to February 28, 2010. At the conclusion of the lease, the hangar converted back to the City to rent out.

Craft Airmotive has been operating an aviation mechanic service out of the City's attached box hangar for the past few years. This is a valuable service for our Airport and pilots in the surrounding area. We desire to continue this service by providing a space for the mechanic to continue his services. This will be a co-use agreement between the City and the mechanic.

Periodically, we evaluate the rates we charge for the open and closed T-hangars. The last time rates were raised on either one of these was approximately 7 years ago. Our Airport Manager, Eric Evans, conducted a survey of surrounding and similar size airports for comparable rates for all three types of hangars. On June 16, 2010 the Finance/Budget Committee agreed with the proposed rates and agreements.

DISCUSSION

Eric Evans will be sending a letter to all hangar tenants letting them know of the upcoming changes to the contract and the new rates. The proposed rate for the co-use of the City box hanger will be $100 per month. The proposed rate for the Red X box hanger will be $350 per month and the proposed rates for the open T-hangars will increase by $10 per month, to $75; while the closed T-hangars will increase by $15 per month to $100.
We anticipate the rate increase to take effect on November 1, 2010. The City Manager is working on the lease agreements with Jim Heavner and Craft Airmotive.

RECOMMENDATION

We recommend that the Council adopt the attached bills authorizing the City Manager to enter into the agreements for use of hangar space and approved rates at the Cameron Memorial Airport.

Bill 2010-56

AN ORDINANCE ESTABLISHING THE RATES CHARGED BY THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI FOR THE T-HANGARS LOCATED AT THE CAMERON MEMORIAL AIRPORT AND UPDATING THE LEASE LANGUAGE

WHEREAS, the City of Cameron owns numerous open and closed T-hangars located on property at the Cameron Memorial Airport; and

WHEREAS, rates for the hangars are evaluated periodically, and the last time rates were changed was approximately 7 years ago. The Airport Manager conducted a survey of surrounding and similar size airports for comparable rates; and

WHEREAS, the City desires to set the rate at $100 per month for the closed T-hangars and $75 per month for the open T-hangars and update the lease language; and

WHEREAS, the City is authorized to lease properties at fair market value.

NOW, THEREFORE, BE IT ORDAINED by the City of Cameron, Clinton and DeKalb Counties, Missouri as follows:

Section 1. The City Manager is hereby authorized to enter into contracts with the tenants of the open and closed T-hangars at the rates established by this Ordinance and update the language on the leases of the open and closed T-hangars at the Cameron Memorial Airport.

Section 2. The City Manager is authorized to execute ancillary documents necessary to effect this transaction.

Section 3. The Mayor is hereby authorized to sign this ordinance on behalf of the City of Cameron.

Section 4. The City Clerk is hereby directed to attest to the Mayor's signature.

Section 5. This Ordinance shall be in full force and effect from and after its passage.

Read and passed on first reading this 4th day of October 2010.
Read and passed on second reading this 18th day of October 2010.
Read and passed on third reading by roll call this 1st day of November 2010.

_____
Mayor Dennis M. Clark

ATTEST:

_____
City Clerk

T- HANGAR LEASE
CITY OF CAMERON
CAMERON MEMORIAL AIRPORT

Agreement made _____,20___, between the City of Cameron, Missouri, a municipal corporation, having its principal office at 205 N. Main, City of Cameron, County of Clinton, State of Missouri, herein referred to as Lessor, and _____ of _____, City of _____, State of _____, herein referred to as Lessee.

The parties recite and declare that:

A. Lessor is the owner of an airport known as Cameron Memorial Airport located on State Route A, Clinton County, Missouri herein referred to as the Airport.

B. Lessee is the owner of a private noncommercial aircraft and desires to lease from Lessor hangar space for the storage of Lessee's aircraft.

SECTION ONE
GRANT AND PURPOSE

Lessor grants and leases to Lessee Hangar No. _____ at the Cameron Memorial Airport for the purpose of storage by Lessee of the following private noncommercial aircraft.

Aircraft Make _____ Aircraft Model _____
Aircraft Year _____ Aircraft Registration _____
Aircraft Serial # _____
Aircraft Registered Owners
_____
_____
Aircraft Owners Phone #'s Owner One _____
Owner Two_____
Aircraft Owners Addresses

Owner One	Owner Two
_____	_____
_____	_____
_____	_____
_____	_____

SECTION TWO
USE OF PREMISES

Lessee shall use and occupy the premises for the exclusive purpose of storage of Lessee owned noncommercial private aircraft. Lessee shall not use the premises for storage of other personal property of the Lessee unless such property is directly incidental to the operation of Lessee's aircraft. Lessee shall not keep or store on the premises fuel, explosive or inflammable substances, or any other substances that would increase the premium for fire insurance on the premises over the normal applicable to the premises for the purpose for which they are leased.

No Commercial activity of any kind whatsoever shall be conducted by Lessee in, from or around the hangar unless approved by written agreement with the Lessor.

T-hangar units at the Cameron Memorial Airport shall be used only for the storage of operational and airworthy aircraft. The owner shall provide the City of Cameron with a copy of a logbook entry showing the date of current annual inspection with a determination that the aircraft is in an airworthy condition. All aircraft shall maintain airworthiness except during periods of repair or maintenance. Such periods may not exceed (90) days without prior written consent of Lessor.

SECTION THREE
TERM

This lease shall commence on _____, 20____, and shall continue thereafter on a month by month basis, unless sooner terminated by Lessor or Lessee as provided herein.

SECTION FOUR
RENTAL

The monthly rental to be paid be Lessee to Lessor is the sum of $ _____ per month payable in advance on the first day of each month for that months rental, during the term of the lease. All rental payments shall be made to Lessor at the address specified above.

SECTION FIVE
RIGHT OF ENTRY

Lessee shall permit Lessor, its agents, and other employees, to have access to and to enter the leased premises at all reasonable and necessary times to inspect the premises for any purpose connected with the safety, repair, improvement, care, and management of the premises, or for any other purpose reasonably connected with Lessors' interest in the premises and to perform any work or other act found necessary on such inspection.

A spare hangar key or the combination to a combination lock if used shall be left at the terminal building lock box for use by Lessor for such inspections.

SECTION SIX
RIGHT OF INGRESS AND EGRESS

Subject to applicable rules and regulations of governmental authorities, Lessee shall have at all times the full and free right of ingress and egress from the premises and facilities referred to herein.

SECTION SEVEN
RULES AND REGULATIONS

Lessee agrees to observe and obey all rules and regulations of the Cameron Memorial Airport with respect to the use of the premises and the Cameron Memorial Airport. Lessee further agrees to observe and obey all rules, regulations, and orders of the Federal Aviation Administration with respect to aircraft operations at the airport.

SECTION EIGHT
ALTERATIONS AND IMPROVEMENTS

Lessee shall make no alterations or improvements to the buildings on the demised premises without the prior written consent of Lessor. All alterations, changes and improvements built on the premises, unless otherwise provided by written agreement between Lessor and Lessee, shall be at the sole cost of Lessee and shall be the property of Lessor and remain on the demised premises at the expiration or sooner termination of this lease.

SECTION NINE
REPAIR AND MAINTENANCE

Lessor shall keep the demised premises in good and sufficient repair during the term of the lease, but Lessor shall not be required to make any repair of damage to the premises caused by Lessee, its agents and invitees.

Lessee shall neither commit nor permit waste of the demised premises and shall use the premises exercising ordinary and reasonable care. Lessee shall at Lessee's sole expense, repair all damage to the demised premises caused by Lessee, its agents and invitees.

SECTION TEN
ASSIGNMENT AND SUBLETTING

Lessee shall not at any time, without the prior written consent of Lessor, assign or sublet this lease or any interest hereunder or otherwise permit the use of the demised premises by any party other than Lessee.

SECTION ELEVEN
LIABILITY OF LESSOR

Lessee shall release Lessor, or the representative, agents, and employees of Lessor, from liability for any injury to person or property of Lessee, the agents, invitees, or guests of Lessee, resulting from any cause whatsoever, except injury or damage resulting from the willful acts of Lessor, or the representatives, agents, and employees of Lessor.

All personal property belonging to Lessee or any occupant that is in the building or on the premises shall be there at the risk of Lessee or the occupant only, and Lessor shall not be liable for any damage thereto or the theft or misappropriation thereof.

SECTION TWELVE
INDEMNIFICATION OF LESSOR

Lessee agrees to indemnify Lessor against all liability for injuries to person or damage to property caused by Lessee's negligent use or occupancy of the demised premises and the airport facilities. Lessee shall indemnify Lessor against all claims filed by parties injured or damaged by an accident as provided herein. Provided further, Lessor shall give to Lessee prompt and timely notice of any claim made or suit instituted which in any way directly or indirectly, contingently or otherwise, affects or might affect Lessee.

SECTION THIRTEEN
TERMINATION

In addition to the grounds of termination as further set forth herein, Lessor or Lessee may terminate this lease by notice in writing given either personally or mailed by registered mail to the addresses set forth herein, at least 30 days prior to the intended termination date.

SECTION FOURTEEN
DEFAULT

Each of the following events shall constitute a default or breach of this lease by Lessee:

1. Lessee shall fail to pay Lessor any rent when the rent shall become due and shall not make the payment within 10 days after notice thereof by Lessor or Lessee.
2. If Lessee shall fail to conform or comply with any of the conditions of this lease and if the nonconformance shall continue for a period of 10 days after notice thereof by Lessor to Lessee.
3. If Lessee shall vacate or abandon the demised premises. The premises shall be deemed vacated and abandoned by Lessee if the premises have not been used by Lessee for storage of Lessee owned aircraft for a continuous period of 60 days. In the event of any default hereunder, the Lessor shall have the right to cancel and terminate the lease by not less than 5 days notice of the cancellation termination mailed to Lessee.

Lessor may re-enter the premises immediately and remove the property of Lessee, and store the property at a place selected by Lessor, at the expense of Lessee.

SECTION FIFTEEN
LIEN FOR SECURITY

Lessor shall have a possessory lien on the aircraft and all other personal property of Lessee kept or used on the premises, to secure payment of rent and to secure performance of all other obligations of Lessee hereunder. Lessor shall be allowed to retain possession of said aircraft and personal property until all rent payments are made and all obligations of Lessee are performed.

SECTION SIXTEEN
NOTICE

Notice provided for herein shall be sufficient if sent by registered mail, postage prepaid, to the addresses set forth above or to such other addresses as the parties may from time to time designate in writing.

SECTION SEVENTEEN
SEVERANCE CLAUSE

If any portion, clause, condition and/or covenant of this lease is declared by a court of competent jurisdiction to be unenforceable, the remaining portion, clauses, and/or covenants herein shall remain if full force and effect and fully enforceable for the duration of the leasehold herein.

SIGNATURE – By signing below, the Lessee **ACKNOWLEDGES HAVING READ AND UNDERSTAND AND AGREES TO THE CONTENTS OF THIS AGREEMENT EXECUTED THIS_____ DAY OF _____ 20__.**

_____
City of Cameron / City Manager

_____
Lessee

_____
Lessee