BILL 2011-71

****** First Reading ******

AGENDA ITEM

TO: Mayor and City Council

FROM: Drew Bontrager, Public Works Director

SUBJECT: Airport Ground Lease

DATE: November 21, 2011

PURPOSE

The attached bill would authorize the City Manager to sign a twenty-year agreement with an option for a one-time extension of ten years, with Burdg Way Air LLC, for the lease of ground, Lot #4, located at the Cameron Memorial Airport.

BACKGROUND

In 2009, we completed our master plan for the Cameron Memorial Airport, the Airport Layout Plan. A temporary airport advisory committee comprising of individuals involved with aviation was also part of this project. One of the recommendations of the committee, and recognized needs in the ALP, included an area for clear span or box hangar development.

Recently, the addition of two new Taxi lanes was completed, creating seven "lots" for the development of corporate box-type hangars. Funding for the project came from grant money known as Non-Primary Entitlement funds, which required a 5 % match.

The City will lease the ground or "lots" for private construction of each individual hangar. There are certain pre-established building guidelines each must follow, such as a minimum and maximum size, building materials, etc. However, there is still flexibility allowing each tenant to build the hangar to their specifications.

DISCUSSION

The base rate for Lots #1-#4 is $450 annually, and the base rate for the larger size lots, #5-#7 is $650 annually. The Lease provides for a cumulative annual rate adjustment based on the Consumer Price Index. Our Airport Manager, Eric Evans, conducted a survey of surrounding and similar size airports for comparable rates to determine fair market value of the ground leases.

The term of the lease commences on the first day of the month following Council approval. At the conclusion of the lease, all improvements become City property. During the term of the lease, all improvements to the ground are covered under the tenant's insurance.

RECOMMENDATION

We recommend that the Council adopt the attached bill authorizing the City Manager to enter into the agreement with Burdg Air Way LLC, for the long term lease of ground at the Cameron Memorial Airport.

Bill 2011-71

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LEASE BETWEEN THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI AND BURDG WAY AIR, LLC FOR LOT #4 LOCATED AT THE CAMERON MEMORIAL AIRPORT

WHEREAS, the City of Cameron owns ground, for the development of clear span box hangars, located on property at the Cameron Memorial Airport; and

WHEREAS, the City desires to lease ground for a twenty year term, with an option for an additional one-time ten year extension starting at $450 per year; and

WHEREAS, Harry Burdg, Burdg Way Air, LLC desires to lease the ground, specifically Lot #4, attached as Exhibit A, on the Airport property for construction and use of a hangar, all pursuant to the Lease Agreement ("Agreement"); and

WHEREAS, at the end of the Lease term, all improvements constructed on the Lot will revert back to the City of Cameron; 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 an agreement with Harry Burdg, Burdg Way Air, LLC for the lease of Lot #4 at the Cameron Memorial Airport, all as per the agreement attached hereto and made a part hereof.

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. This ordinance shall be in full force and effect from and after its final passage and approval.

Section 5. The City Clerk is hereby directed to attest to the Mayor's signature.

Passed and approved on first reading this 21st day of November 2011.
Passed and approved on second reading this ___ day of _____ 2011.
Passed and approve on third and final reading this ___ day of _____ 2011.

_____
Mayor Frank A. Buck

ATTEST:

_____
City Clerk

first reading