



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

98-538

SYNOPSIS -

AGENDA:

DECEMBER 7, 1998

SUBJECT:

APPROVAL OF THIRD
AMENDMENT TO EAST
LEASEHOLD LEASE
AGREEMENT WITH
SIGNATURE FLIGHT
SUPPORT CORPORATION

Due to federal and state regulations concerning underground fuel storage tanks, Signature Flight Support Corporation (Signature) must remove the existing underground fuel storage tanks on its Leased Premises. The current Airport Rules and Regulations allow for such removal and the temporary above ground storage of fuel, but states that such activity must be by written agreement between the parties. Signature has requested a Third Amendment to the East Leasehold Lease Agreement which will allow for the removal of the existing underground storage tanks and construction of temporary above ground storage until the consolidated fuel storage facility is built. At such time, Signature will have 30 days to decide whether to use the new consolidated fuel storage facility or reinstall an underground fuel storage facility on its Leased Premises.

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

On August 4, 1998, by Resolution No. A98-304, the Airport Board approved the plans and specifications and the Private Construction Contract between United Parcel Service (UPS) (on behalf of the major airlines serving Des Moines) and Kinley Construction Company to construct a permanent consolidated above ground fuel storage facility. The construction of the new fueling facility began in September 1998, and is proceeding on a current schedule for a Spring 1999 completion. However, under federal law the current underground storage tanks on the Airport owned by Signature and United Air Lines must be closed by December 22, 1998. As a result, a temporary fuel storage facility must be constructed and placed in operation prior to December 22, 1998.

SUBMITTED BY:

WILLIAM FLANNERY
AVIATION DIRECTOR

To insure that fuel is available for all the airlines, a temporary fuel storage facility will need to be constructed adjacent to the existing Signature below

ground fuel facility. Attached is a depiction of the temporary above ground fuel facility location. The installation of the temporary above ground facility is to be accomplished through a change order to the Private Construction Contract between UPS and Kinley Construction. The temporary above ground fuel storage facility will consist of four 20,000-gallon Jet-A tanks and one 12,000-gallon AVGAS tank. All tanks will be constructed above ground and located immediately east of the existing Signature underground fuel storage site. All construction is expected to be completed and the fuel facility to be operational by December 15, 1998. This temporary facility will be used until the new consolidated fuel storage facility is completed in the Spring 1999.

FISCAL IMPACT -

There is no fiscal impact on the City. Signature, through the Des Moines Fuel Committee (the major airlines serving Des Moines), is charged with the construction and operation of the temporary fuel storage facility. In addition, Signature is charged with the complete removal of the existing underground tanks, the mitigation of any fuel contamination of the ground, and necessary pavement replacement.

RECOMMENDATION -

On December 1, 1998, by Resolution No. A98-425, the Des Moines International Airport Board recommended approval of the Third Amendment of the Amended Lease Agreement for the East Leasehold between the City and Signature Flight Support Corporation subject to the review and approval by legal counsel.

BACKGROUND -

On February 1, 1982, the City Council approved a Lease Agreement with Des Moines Flying Service, Inc. for certain premises, facilities, and rights on the Des Moines International Airport. On June 15, 1987, by Roll Call No.

87-2632, City Council approved an Assignment of Lease assigning the Agreement from Des Moines Flying Service, Inc. to Van Dusen Airport Services Company, Limited Partnership. On June 22, 1987, by Roll Call No. 87-2696, City Council approved the First Amendment modifying certain terms of the Lease Agreement. On September 26, 1988, by Roll Call No. 88-4353, City Council approved the Second Amendment further modifying certain terms of the Lease Agreement. On September 24, 1990, by Roll Call No. 90-4292, City Council approved the Assignment of Lease assigning the Agreement from Van Dusen Airport Services Company, Limited Partnership to Page AvJet Airport Service, Inc. whose name was subsequently changed to Signature Flight Support Corporation. On August 6, 1996, by Resolution No. A96-183, the Board approved a change to the Airport Rules and Regulations to allow temporary above ground storage of aviation fuel until a new consolidated fuel storage facility is constructed on the Airport.

Attachment