

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-290

SYNOPSIS -

AGENDA:

JUNE 21, 1999

SUBJECT:

SETTING THE DATE OF PUBLIC HEARING FOR APPROVAL OF FIRST AMENDMENT TO THE SALE, LEASE, AND SUBCONTRACTOR AGREEMENT BETWEEN SIGNATURE FLIGHT SUPPORT CORP., DES MOINES FLYING SERVICE, INC., AND GREGORY AVIATION COMPANY

Article III, Paragraph C of the Amended Agreements between the City and Signature Flight Support Corp. (Signature) addresses the services that Signature is to provide. Subparagraph C.4 states that Signature shall provide certain aeronautical services unless such services are adequately provided by another commercial operator, exclusive of another operator conducting a Fixed Base Operation. Under the approved sublease agreement between Signature, Des Moines Flying Service, Inc. (DMFS), and Gregory Aviation Company (GAC), certain aeronautical services would be provided to the public on the Signature Leaseholds by DMFS rather than Signature. However, Signature remains responsible for such services should DMFS fail to provide the services adequately, or if the services are terminated in the future. Under the sublease and in accordance with City Code, DMFS continues to be considered a Commercial Operator providing the aeronautical services noted above.

Signature, DMFS, and GAC have requested to add certain additional services that are required by Signature under their Agreement with the City to that being provided by DMFS under the sublease agreement with Signature. Under the proposed First Amendment, DMFS will be required to provide flight training and aircraft rental services as additional services. However, Signature remains responsible for such services should DMFS fail to provide the services adequately, or if the services are terminated in the future. In addition, DMFS has entered into an Airport Use Agreement with the City to cover those flight activities stated above.

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

FISCAL IMPACT -

SUBMITTED BY:

None. Through the amended sublease agreement, DMFS may pay certain fees and charges to Signature for compensation for the sublet business through the fixed base operator's agreement.

WILLIAM F.
FLANNERY
AVIATION
DIRECTOR

RECOMMENDATION -

As this Amended Sublease Agreement will continue until the current scheduled termination date of the Signature Agreement in the Year 2012, the City Council must set a date for public hearing prior to granting final approval. On June 8, 1999, by Resolution No. A99-186, the Airport Board recommended approval of the First Amendment to the Sale, Lease, and Subcontractor Agreement to City Council.

BACKGROUND -

Two lease agreements between DMFS and the City were approved by the City Council on February 1, 1982, by Roll Call No. 442. In 1987, when the sale of the business was made from DMFS to Van Dusen Airport Services Company, Howard Gregory, the seller of DMFS was included as a subtenant, to continue to sell aircraft, through a sublease agreement with Van Dusen. Through successive owners, Signature is now the successor in interest to the two agreements.

On December 20, 1993, by Roll Call No. 93-4636, City Council approved the subletting of space by Signature to Gregory Aviation Service Corporation and GAC including aircraft sales, aircraft maintenance and repair, and the sales of parts, equipment, and accessories. This replaced the original sublease agreement between Howard Gregory and Van Dusen. Article VI, Paragraph D of the Amended Agreements between Signature and the City allows Signature to sublet a portion of its Leasehold to Commercial Operators who are approved by the City. Chapter 4, Subchapter 6 of the City Code states that Commercial Operators may operate on the premises of Fixed Base Operators with the approval of the City and so are exempted from the area requirements of the City Code.

On January 5, 1994, Gregory Aviation Service Corporation was renamed DMFS and the Articles of Amendment was filed with the Iowa Secretary of State.

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