



**Council  
Communication**  
Office of the City Manager

**Date**

June 18, 2007

**Agenda Item No.** 69

**Roll Call No.** 07-

**Communication No.** 07-373

**Submitted by:** **Craig Smith, A.A.E.**  
**Aviation Director**

**AGENDA HEADING:**

Approval of a Commercial Operator Lease and Agreement with MidAmerica Jet Center for Services at the Des Moines International Airport.

**SYNOPSIS:**

Recommend approval of a ten-year Commercial Operator and Lease Agreement with MidAmerica Jet Center for operations at the Des Moines International Airport. MidAmerica Jet has been operating as a commercial operator at the Airport under an agreement executed in 1987, providing hangar space for aircraft and engaging in retail sales of aviation fuel to Des Moines-based and transient aircraft. At this time, the Airport Board and MidAmerica Jet Center have a mutual interest in executing a new long-term agreement to maintain a successful operation at the Airport.

**FISCAL IMPACT:**

Amount:

The Agreement calls for MidAmerica Jet Center to pay \$62,104 annually beginning July 1, 2007. Because the existing lease rate is well below the market value of the property, as determined by an independent appraisal, the proposed lease contains annual increases to reflect the change in the consumer price index plus 9.5% through July 1, 2013, at which time the lease rate should reflect the fair market value.

Although the resulting payment beginning for the fiscal year beginning July 1, 2013 cannot be determined definitively, it is anticipated that the annual lease rate at that time will be approximately \$126,000. Thereafter, the lease rate shall be adjusted for changes in the Consumer Price Index every two years.

Funding Source:

Revenue from the Agreement will be generated within the Airport Enterprise Fund and will be credited towards the Airport's Operating Fund (Fund EN002, Org AIR040100, Account 475013) to offset ongoing expenses.

**ADDITIONAL INFORMATION:**

On July 6, 1987, by Roll Call, 87-2826, City Council approved a twenty year Commercial Operator and Lease Agreement with Allied Mutual Insurance Company for a one acre parcel on the Airport to allow Allied Mutual to build a corporate hangar and related facilities to conduct commercial operations.

On May 23, 1988, by Roll Call No. 88-2386, City Council accepted conveyance of the substantially completed building to the City of Des Moines. On January 3, 1995, by Roll Call No. 95-112, City Council approved the Assignment of Agreement from Allied Mutual Insurance Company to MidAmerica Transportation Inc, a/k/a MidAmerica Jet Center, Inc. The current Agreement is set to expire on June 30, 2007, under its own terms.

Airport staff and MidAmerica Jet Center representatives have been discussing an extension of the current Agreement term for approximately two years and have reached an agreement in principle regarding the terms of a new 10-year Agreement.

**PREVIOUS COUNCIL ACTION(S):**

Date: June 4, 2007

Roll Call Number: 07-1072

Action: Set Date of Public Hearing for Approval of a Commercial Operator Lease and Agreement with MidAmerica Jet Center for Services at the Des Moines International Airport. Moved by Vlassis to adopt. Motion Carried 7-0.

Date: January 3, 1995

Roll Call Number: 95-112

Action: City Council approved the Assignment of Agreement to MidAmerica Transportation Inc, a/k/a MidAmerica Jet Center, Inc.

Date: May 23, 1988

Roll Call Number: 88-2386

Action: City Council accepted conveyance of the substantially completed building to the City of Des Moines.

Date: July 6, 1987

Roll Call Number: 87-2826

Action: City Council approved a twenty year Commercial Operator and Lease Agreement with Allied Mutual Insurance Company for a one acre parcel on the Airport to allow Allied Mutual to build a corporate hangar and related facilities to conduct commercial operations.

**BOARD/COMMISSION ACTION(S):**

Date: June 5, 2007

Resolution Number: A07-99

Action: Recommend Approval of Commercial Operator Lease and Agreement with MidAmerica Jet Center for Services at the Des Moines International Airport

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**