

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date</b>	January 25, 2010
	<b>Agenda Item No.</b> 47B <b>Roll Call No.</b> <u>10-</u> <b>Communication No.</b> <u>10-029</u> <b>Submitted by:</b> <b>Craig Smith,</b> <span style="padding-left: 100px;"><b>Aviation Director</b></span>	

**AGENDA HEADING:**

Public Hearing to consider approval of the First Amendment to Commercial Operator Lease and Agreement with Elliott Aviation of Des Moines, Inc.

**SYNOPSIS:**

Recommend Council approval of the First Amendment to the Commercial Operating Agreement with Elliott Aviation of Des Moines, Inc. (“Elliott”). This action is contingent on the council approving an assignment of this lease to Elliott from Mid-America Transportation Inc. dba Mid-America Jet Center (“Mid-America”), also on today’s agenda.

**FISCAL IMPACT:**

Amount: The current operating agreement calls for payments of rent and a fuel flowage fee to be remitted for every gallon of fuel sold to tenant and transient aircraft. Rent payments are to be adjusted annually beginning July 1, 2008, through July 1, 2013, at a rate to be determined by calculating the change in the Consumer Price Index (CPI) plus 9.5%.

This condition remains in effect throughout the original term of the Agreement, but for any option periods beyond June 30, 2017, the rent payment will be adjusted only by the CPI change from the previous five-year period. For the most recent fiscal year, Mid-America paid rent of \$69,235.58 and fuel flowage fees of \$43,752.72.

Funding Source: Aviation Department Enterprise Fund (EN002 AIR010100).

**ADDITIONAL INFORMATION:**

In other action at today's Council meeting, the Council will consider an assignment of this lease from Mid-America to Elliott. If that assignment is approved, Elliott has asked to amend this lease to extend its term. The agreement is currently scheduled to terminate on June 30, 2017.

Elliott has proposed that at the expiration of the original term, they be given the right to exercise two options (the First Option and the Second Option), each of which will extend the term for a period of five years, to June 30, 2027. At the expiration of the Second Option period, and every five years thereafter, Elliott may request an additional five year extension of the term through June 30, 2042. The reason for the request is to provide that this Agreement expire at the same time as Elliott's current Fixed Based Operator Lease and Agreement at DSM.

The Airport Board has recommended that Council approve the amendment.

### **PREVIOUS COUNCIL ACTION(S):**

Date: January 11, 2010

Resolution Number: 10-034

Action: Set date of public hearing to approve the First Amendment to the Commercial Operator Lease and Agreement with Elliott Aviation of Des Moines, Inc. Moved by Hensley to set the public hearing for January 25<sup>th</sup> at 5:00 PM. Motion Carried 7-0.

Date: June 18, 2007

Resolution Number: 07-1231

Action: Approve Commercial Operator Lease and Agreement with Mid-America Transportation Inc. dba Mid-America Jet Center. Moved by Hensley. Motion Carried 6-1.

Date: May 21, 2007

Resolution Number: 07-1013

Action: Approve Fixed Based Operator Lease and Agreement with Elliott Aviation of Des Moines, Inc. Moved by Hensley. Motion Carried 7-0.

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

Date: January 5, 2010

Resolution Number: A10-016

Action: The Airport Board recommended that the City Council approve the First Amendment to the Commercial Operator Lease and Agreement with Elliott Aviation of Des Moines, Inc. Moved by Erickson. Motion carried: 6-0.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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