Memorandum 11-148 Grant Aviation, Inc. Air Carrier Lease

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Memorandum Status: Backup

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TO: Mayor Hornaday and Homer City Council
THRU: Walt Wrede, City Manager
FROM: Terry Felde, Airport Terminal Manager
DATE: November 9, 2011
RE: Grant Aviation, Inc. Air Carrier Lease

Airport leases have been considered administrative leases since 1993 when the airport terminal opened and are negotiated and reviewed by administration with final approval of the City Council and DOT. They have not been subject to the lease policy procedures since they are building leases and the lease policy procedures have applied to city owned land. If a current lease holder is in good standing and requests a renewal to continue their airport operation we have approved. If lease space becomes available or the current lease holder is not in good standing when their lease is up for renewal we will RFP the available space.
Airport leases have limited allowed use such as air carriers, car rentals and food or gifts that supply the traveling public. The City owns the terminal building but leases the land from the State who is also subject to FAA guidelines. DOT limits a lease to a five year period. At times this makes it difficult for lease holders to develop long range business plans and obtain financing but short term leases seem to be standard procedure in the aviation industry. Additional space is and has been available at the airport if another airline indicates interest in the future.
Grant Aviation has held a sublease with the City since August 2005, is in good standing with their current lease, and has requested to renew their lease. Grant Aviation provides economic benefits to the City along with beneficial transportation options for the community through the operation of more than one airline. Grant has requested a three year lease for the period of October 1, 2011 to September 30, 2014. The lease fee is $2,226.63 per month, $26,719.57 annually, plus tax for the ticket counter, office and baggage areas.

RECOMMENDATION: Approve the Grant Aviation, Inc. sublease and authorize the City Manager to sign.
FISCAL IMPACT: $26,719.57 annual Airport revenues to the General Fund.

Related Resolutions**Memorandum - Related Resolutions:** Resolution 11-103 Approving the Grant Aviation, Inc. Air Carrier/Ticket Counter Sublease at Airport

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