

Memorandum 10-121 Federal Express Airport Cargo Area Sublease

Memorandum ID: 10-121
Memorandum Status: Backup

MEMORANDUM 10-121

TO: Walt Wrede, City Manager
FROM: Sheri Hobbs, Personnel/Airport Terminal Manager
DATE: September 14, 2010
RE: Federal Express Cargo Area Sublease

Airport leases have been considered administrative leases since 1993 when the airport terminal opened similar to the KP College, Boys and Girls Club and Pier One Theater. Airport leases 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 property subleases 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, cargo operations, 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.

Federal Express has held a sublease for a cargo bay at the airport terminal since August 1994. They are in good standing with their current lease and provide a valuable service to the City and the public. Federal Express has requested a three year lease for the period of August 25, 2010 to August 24, 2013. The lease fee is \$962.15 per month for the cargo area, \$11,545.80 annually.

RECOMMENDATION: Approve the Federal Express sublease and authorize the City Manager to sign.

FISCAL IMPACT: \$11,545.80 annually to the airport fund.

Related Resolutions**Memorandum - Related Resolutions:** [Resolution 10-76 Approving Federal Express Corp Cargo Area Sublease](#)

Source URL (retrieved on 2015-01-31 13:09):

<http://www.cityofhomer-ak.gov/memorandum/memorandum-10-121-federal-express-airport-cargo-area-sublease>