

Memorandum 10-102 Grant Aviation Lease

Memorandum ID: 10-102

Memorandum Status: Backup

MEMORANDUM 10-102

TO: Walt Wrede, City Manager

FROM: Sheri Hobbs, Personnel/Airport Terminal Manager

DATE: July 14, 2010

RE: Grant Aviation, Inc. Air Carrier Lease

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 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. Grant Aviation has held a sublease with the City since August 2005 and has requested to renew their lease. Grant Aviation is in good standing with their current lease and provides a valuable service to the City and the traveling public. Grant has requested a short term lease for the period of August 1, 2010 to September 30, 2011. They will no longer be leasing the cargo area as they have other facilities in Homer. The lease fee is \$1,974.45 per month for the ticket counter, office and baggage areas \$23,693.40 annually.

RECOMMENDATION: Approve the Grant Aviation, Inc. sublease and authorize the City Manager to sign.

FISCAL IMPACT: \$23,693.40 annually to the airport fund.

Related Resolutions**Memorandum - Related Resolutions:** [Resolution 10-58 Approving the Grant Aviation Lease](#)

Source URL (retrieved on 2015-01-31 08:35):

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