



City of Muscatine



AGENDA ITEM SUMMARY

City Council

DATE:

December 17, 2020

STAFF

Jodi Royal-Goodwin, Community Development Director

SUBJECT

Public Hearing and Approval of Hangar Leases with Carver Pump and Jim Mott for Property at the Muscatine Municipal Airport

EXECUTIVE SUMMARY

The City has constructed three box hangars at the Muscatine Municipal Airport. The new hangars are complete and two of the proposed lessees have requested longer lease terms because they are planning to invest significant personal resources to install heating systems. As required under Iowa law, a public hearing is being held regarding the proposal to lease property for more than 12 months before Council considers approval of the leases.

STAFF RECOMMENDATION

Staff recommends Council approve the leases.

BACKGROUND/DISCUSSION

The City of Muscatine and the Airport Advisory Commission have been working for several years to develop additional hangar space at the Muscatine Municipal Airport. The Airport had 20 T-hangars that were built approximately 50 years ago, and there have been no vacancies in the past decade. As soon as a hangar becomes available, a tenant is identified and lease executed.

In November 2016 City Council initiated the design and development process for additional hangars through the approval of an agreement with Bolton & Menk for the design and construction of 4 T-hangars and associated taxiway and apron improvements. The expansion of the hangars was adopted as part of the 5-Year Capital Improvement Program. Under this contract an application for vertical infrastructure (hangars) was submitted to IDOT, an option that had been unavailable for a number of years.

In November 2017 Council accepted two grants from IDOT. Following is an overview of the grant funding:

- The construction of 4 T-hangars for up to 44% of the eligible project costs, not to exceed \$150,000, covered; and
- An apron expansion for up to 85% of eligible project costs, not to exceed \$203,567.

For various reasons the project was stalled, but at the February 2019 meeting of the Airport Advisory Commission it was recommended 3 to 5 box hangars be constructed, rather than additional T-hangars, utilizing the available grant funding. At the April 4, 2019, meeting of the City Council, there was \$177,583 available for the project and City council concurred with the staff proposal to use up to \$400,000 in proceeds from the 2020 bond issue to fully fund the balance of the project costs. State grant funds and proceeds from the City's May 2018 bond issue were allocated for the apron expansion component of the project. During the April 18, 2019 meeting City Council approved Addendum Number 1 to the Professional Services Contract with Bolton & Menk for the Design and Construction of Hangars for Hangar Row 4 and use of bond proceeds for the local share of design and construction costs.

Following a request for bids, a contract for \$641,854.22 was awarded to SG Construction for the base bid and Alternate B (3 hangars with gas service stubbed and associated apron). In addition to the grant funding, \$27,583 from the 2018 bond issuance and approximately \$325,000 from the 2020 bond issuance were allocated to the project. The hangar and apron expansion are now complete at a total cost of \$632,686.24 plus \$35,000 for engineering (\$667,686.24 total), paid for with \$329,489.76 in grant funds, \$27,583 in 2018 bond proceeds and \$310,613.48 in 2020 bond proceeds.

Staff reviewed rental rates for hangars at non-commercial airports in eastern Iowa. There are few airports with hangars less than 20 years old and most box hangars for corporate use. The lease rates charged for the most comparable hangars was reviewed with the Airport Advisory Commission, who recommended the initial lease rates be \$500 and \$250 for the large and small hangars respectively.

Tenants for all three hangars have been identified. Two of the tenants are planning to install heating equipment at their personal expense and have requested longer lease terms to protect that investment. The proposed initial term for hangars 21 (large) and 23 (small) is 5 years with the option to renew for up to 3 additional terms. The anticipated tenant is Carver Pump for the large hangar and Jim Mott for hangar 23. Tenants pay for utilities. Council must approve the leases prior to execution by the City Administrator.

CITY FINANCIAL IMPACT

The proposed leases will be for 5 years. The lease payments will off-set the expense of bonds issued for construction of the hangars.

ATTACHMENTS

Leases with Carver Pump and Jim Mott

CITY OF MUSCATINE
MUNICIPAL AIRPORT
HANGAR LEASE AGREEMENT

THIS AGREEMENT, made this **1st day of January, 2021**, by and between the City of Muscatine, Iowa, hereinafter called Lessor and **Carver Pump** hereinafter called Lessee.

WITNESSETH:

1. Lessor hereby leases to Lessee, and Lessee hereby hires and takes from Lessor, the hangar space, situated at Muscatine Municipal Airport and designated as Hangar **Number 21** for storage of Lessee's aircraft identified as **N25496 and N858PB** and no other purpose, for a period of five years commencing on the **1st day of January, 2021**, at a rental rate of **five hundred dollars (\$500.00)** per month payable in advance to the City of Muscatine, payable at the office of the City Clerk in the City Hall in the City of Muscatine, Iowa, unless either party gives the other party a notice of its intention to terminate the lease. Lease term shall be five years, ending December 31, 2025, and may be renewed for up to three (3) successive five (five) year terms at the option of the lessee. Lessee shall have the option to terminate this lease at any time with at least 30 days written notice. Rental rates may be altered by the City with due notice to the Lessee. The City reserves the right to assign hangars to its best benefit with 30 days notice to the Lessee.
2. Lessee agrees not to use, nor permit the use of this space for any other purpose than storage of the described aircraft except for minor repairs and service made by the Lessee or its duly authorized agent, provided that other service and maintenance of said aircraft may be made provided that written authorization for the same is received from the City Administrator or the Muscatine Municipal Airport Manager. Lessee agrees that the aircraft engine owned by the Lessee or stored in the hangar will not be started or in operation while inside the hangar. Aeronautical services to the public are prohibited.
3. If Lessee shall make any default in the payment of rent or any installment thereof, or any other of his covenants hereunder, or violates the terms hereof or if Lessee's leasehold interest shall be levied upon under execution, or if Lessee shall be declared bankrupt, or if Lessee institutes proceedings for an arrangement under the bankruptcy law, or in said cases Lessor may at his option, without notice of Lessee, terminate this lease, and upon the termination of this lease, either by Lessor's option or at the expiration of the term hereof, Lessee agrees to surrender possession of the leased premises to Lessor and remove therefrom all of his property, and if such possession be not immediately surrendered, Lessor may immediately re-enter said premises and remove all property therefrom, using such force as may be necessary without being deemed guilty of trespass or breach of peace or forcible entry and detainer and Lessee expressly waives the service of any notice of intention to terminate the lease and re-enter the leased premises and waives service of any and all other notices prescribed by any law or statute to the extent that such waiver is valid. The receipt of money by Lessor from Lessee after termination of the lease or after the giving of any notice shall not reinstate, continue or extend the term of this lease or affect any notice given to Lessee prior to the receipt of such payment, and it is agreed that after service of notice or commencement of suit, or after judgment for possession, Lessor may receive rent due and the payment thereof not waive or affect said notice, suit or judgment. It is further agreed that the Lessor shall have a lien on any and all personal property of the Lessee, including the aircraft hereinafter referred to which is stored in said hangar as security for the performance of the terms and conditions of this lease agreement.
4. The Lessee shall be responsible for electric and gas utility services to said hangar. The Lessee shall maintain the leased premises in a neat and clean condition, free from obstructions. The Lessee shall be responsible for any damages that they may inflict upon the said hangar.

5. All fixtures, improvements and additions made in or upon the leased property, whether by Lessor or by Lessee, shall become Lessor's property and shall remain upon the premises at the termination of this lease, however terminated, without compensation of payment to Lessee. Improvements to be made by Lessee shall be approved by Lessor in advance and at Lessee's expense. Lessor acknowledges Lessee is installing equipment to heat the leased space.
6. The undersigned hereby agrees that the Lessor shall not be liable for loss arising out of damage to or destruction of the aircraft from any cause, while in the possession of Lessor.

This agreement shall be binding whether or not such damage or destruction be caused by the negligence of Lessor, its agents, servants or employees, and further, any and all right of subrogation by any insurance carrier is hereby waived.

This agreement shall be binding upon and shall run in favor of the heirs, executors, administrators, or assignees of the parties hereto.

7. Lessee agrees to pay all of Lessor's expenses, including attorney's fees, in enforcing any of the obligations of this lease, or in any proceedings or litigation in which Lessor shall become involved without his fault, by reason of this lease.
8. The monthly rental rate will increase one (1) percent annually, rounded to the nearest whole dollar, at the start of the City's fiscal year. The first annual rate increase will begin January 1, 2022, when the rate will increase to \$505.00 per month. Than annual rate increase will be reviewed and may be adjusted prior to the Lessee exercising any option to renew the lease.

IN WITNESS WHEREOF, the parties hereto have caused the instrument to be executed, in duplicate, the day and year first written above.

Carver Pump, Lessee
Attn: Andrew Carver
2415 Park Ave
Muscatine, IA 52761

Carol Webb, City Administrator
City of Muscatine
215 Sycamore Street
Muscatine, Iowa 52761

CITY OF MUSCATINE
MUNICIPAL AIRPORT
HANGAR LEASE AGREEMENT

THIS AGREEMENT, made this **1st day of January, 2021**, by and between the City of Muscatine, Iowa, hereinafter called Lessor and **Jim Mott** hereinafter called Lessee.

WITNESSETH:

1. Lessor hereby leases to Lessee, and Lessee hereby hires and takes from Lessor, the hangar space, situated at Muscatine Municipal Airport and designated as Hangar **Number 23** for storage of Lessee's aircraft identified as **N42942** and no other purpose, for a period of five years commencing on the **1st day of January, 2021**, at a rental rate of **two hundred fifty dollars (\$250.00)** per month payable in advance to the City of Muscatine, payable at the office of the City Clerk in the City Hall in the City of Muscatine, Iowa, unless either party gives the other party a notice of its intention to terminate the lease. Lease term shall be five years, ending December 31, 2025, and may be renewed for up to three (3) successive five (five) year terms at the option of the lessee. Lessee shall have the option to terminate this lease at any time with at least 30 days written notice. Rental rates may be altered by the City with due notice to the Lessee. The City reserves the right to assign hangars to its best benefit with 30 days notice to the Lessee.
2. Lessee agrees not to use, nor permit the use of this space for any other purpose than storage of the described aircraft except for minor repairs and service made by the Lessee or its duly authorized agent, provided that other service and maintenance of said aircraft may be made provided that written authorization for the same is received from the City Administrator or the Muscatine Municipal Airport Manager. Lessee agrees that the aircraft engine owned by the Lessee or stored in the hangar will not be started or in operation while inside the hangar. Aeronautical services to the public are prohibited.
3. If Lessee shall make any default in the payment of rent or any installment thereof, or any other of his covenants hereunder, or violates the terms hereof or if Lessee's leasehold interest shall be levied upon under execution, or if Lessee shall be declared bankrupt, or if Lessee institutes proceedings for an arrangement under the bankruptcy law, or in said cases Lessor may at his option, without notice of Lessee, terminate this lease, and upon the termination of this lease, either by Lessor's option or at the expiration of the term hereof, Lessee agrees to surrender possession of the leased premises to Lessor and remove therefrom all of his property, and if such possession be not immediately surrendered, Lessor may immediately re-enter said premises and remove all property therefrom, using such force as may be necessary without being deemed guilty of trespass or breach of peace or forcible entry and detainer and Lessee expressly waives the service of any notice of intention to terminate the lease and re-enter the leased premises and waives service of any and all other notices prescribed by any law or statute to the extent that such waiver is valid. The receipt of money by Lessor from Lessee after termination of the lease or after the giving of any notice shall not reinstate, continue or extend the term of this lease or affect any notice given to Lessee prior to the receipt of such payment, and it is agreed that after service of notice or commencement of suit, or after judgment for possession, Lessor may receive rent due and the payment thereof not waive or affect said notice, suit or judgment. It is further agreed that the Lessor shall have a lien on any and all personal property of the Lessee, including the aircraft hereinafter referred to which is stored in said hangar as security for the performance of the terms and conditions of this lease agreement.
4. The Lessee shall be responsible for electric and gas utility services to said hangar. The Lessee shall maintain the leased premises in a neat and clean condition, free from obstructions. The Lessee shall be responsible for any damages that they may inflict upon the said hangar.

5. All fixtures, improvements and additions made in or upon the leased property, whether by Lessor or by Lessee, shall become Lessor's property and shall remain upon the premises at the termination of this lease, however terminated, without compensation of payment to Lessee. Improvements to be made by Lessee shall be approved by Lessor in advance and at Lessee's expense. Lessor acknowledges Lessee is installing equipment to heat the leased space.
6. The undersigned hereby agrees that the Lessor shall not be liable for loss arising out of damage to or destruction of the aircraft from any cause, while in the possession of Lessor.

This agreement shall be binding whether or not such damage or destruction be caused by the negligence of Lessor, its agents, servants or employees, and further, any and all right of subrogation by any insurance carrier is hereby waived.

This agreement shall be binding upon and shall run in favor of the heirs, executors, administrators, or assignees of the parties hereto.

7. Lessee agrees to pay all of Lessor's expenses, including attorney's fees, in enforcing any of the obligations of this lease, or in any proceedings or litigation in which Lessor shall become involved without his fault, by reason of this lease.
8. The monthly rental rate will increase one (1) percent annually, rounded to the nearest whole dollar, at the start of the City's fiscal year. The first annual rate increase will begin January 1, 2022, when the rate will increase to \$252.50 per month. Than annual rate increase will be reviewed and may be adjusted prior to the Lessee exercising any option to renew the lease.

IN WITNESS WHEREOF, the parties hereto have caused the instrument to be executed, in duplicate, the day and year first written above.

Jim Mott, Lessee
2903 Termini Dr
Muscatine, IA 52761

Carol Webb, City Administrator
City of Muscatine
235 Sycamore Street
Muscatine, Iowa 52761