



Legislation Text

File #: 09-0899, Version: 1

Resolution to Approve Standard Box Hangar Lease Form (**8 Votes Required**)

The Ann Arbor Airport is finalizing the construction of six box hangars that will soon be leased out to individuals or businesses for aeronautical purposes. Council had approved the construction of these hangars based on the interest shown from prospective tenants who placed deposits and signed pre-lease options. The City Attorney's Office has prepared the attached box hangar lease which will become the form of lease that will be used for each of the tenants in these box hangars. The lease terms were developed with input from prospective tenants. The terms, which vary slightly from the standard lease form used for T-hangar rentals, are consistent with a long-term lease arrangement.

It is intended that the Standard Box Hangar Lease form, when approved, would be used for all box hangar tenants. The Airport Manager would execute the lease on behalf of the City. This is the same process currently in use for T-hangar leases at the airport. Council had previously approved a form of lease for T-hangar rentals and that same lease is used for all T-hangar tenants.

The lease duration is an initial term of five years with three additional five year options. The rent has been established at \$1,600 per month (plus utilities) with annual CPI based adjustments. The rental rate was set to cover the project construction costs of the six hangars with an understanding of what the market rates are going for. A rental range of \$1,400 to \$1,800 per month was originally proposed to the prospective tenants when they signed their pre-lease options. While the actual construction of the hangars has taken longer than originally projected, the construction costs remain well within the project budget.

Prepared by: Matthew Kulhanek, Airport Manager and Mary Joan Fales, Senior Assistant City Attorney

Approved: Roger W. Fraser, City Administrator

Whereas, The City has completed the construction of new box hangars at the Ann Arbor Airport for lease for aeronautical purposes to individuals and/or businesses;

Whereas, After analysis of City project costs incurred and the potential market for airport rental space, the Airport Manager has recommended an established rental rate of \$1,600 per month (plus utilities) with annual CPI based adjustment for the box hangars; and

Whereas, The City Attorney has prepared a standard lease form for rental of box hangars;

RESOLVED, That City Council approve the lease of the box hangars at the Ann Arbor Airport under the terms and conditions of the attached form of lease at a lease rate of \$1,600 per month (plus utilities) with annual CPI based adjustment; and

RESOLVED, That City Council authorizes the Airport Manager, or in the absence of an appointed Airport Manager the City Administrator, to execute the individual hangar leases, in standard form without exception, on behalf of the City with persons not in default to the City.

