



Legislation Text

File #: 17-0747, **Version:** 1

Resolution to Approve a Standard Form of Lease for Private Hangar Owners at the Ann Arbor Airport **(8 Votes Required)**

The attached resolution approves a standard form of lease for use at the Ann Arbor Airport for those tenants that own their hangar and lease land from the Airport. There are currently ten non-commercial private hangars at the airport, some that date back to the 1940's. Most of these hangars do not have current leases and efforts to get everyone under lease have not been successful in the past. All the hangar owners pay land rent to the Airport.

In late 2015, the Airport Advisory Committee started an effort to improve the aesthetics at the Airport with a focus on the State Road frontage. Many of these older, private hangars had deteriorated and became an eyesore to the community. The process that the Committee undertook started with the creation of maintenance standards for these hangars. All the hangar owners were invited to participate in this activity and a majority of them worked with the Committee through this yearlong interactive process.

The second component of this effort, started in late 2016, was to develop a standard long-term lease for these hangar owners. A lease is important to protect and spell out the interests of both the City and the private hangar owner. A long-term lease allows the hangar owners the time to make the required improvements and to recoup their investment in the hangar. It also allows owners the opportunity to sell their building, with Airport approval, if they no longer are interested in flying. The City Attorney's office drafted a proposed lease document that formed the base of discussions with the hangar owners. Again, all hangar owners were invited to participate, many of them provided input, and general feedback as the draft lease was refined.

The attached form of lease is a 10-year lease with a 10-year option. It includes the maintenance standards for the hangars and an inspection process to ensure that continued maintenance of the hangars occurs. Land lease rates are consistent with what the airport charges other land tenants, as required by the Federal Aviation Administration, and includes a CPI based annual rate increase. The lease also brings the occupants into compliance with current laws and insurance requirements. Prior to offering a lease, an inspection of each hangar will be performed and a building deficiency list for each hangar will be created. The deficiency list, which will be an Exhibit in the lease, will include the needed repairs to meet the maintenance standards and a timeframe to accomplish that work. If an owner does not agree to bring their structure up to the standards within the timeframe, they will not be offered a lease and the eviction process will be initiated. The Airport wants to have hangar owners that want to be there, use their hangar for aviation purposes and are willing to maintain their building.

As has been done with the t-hangar form of lease, City Council approves the format of the standard lease and the Airport Manager is authorized to execute the lease document as needed for new leases, leases after sale, etc. This allows for a timely process and management of leases. Commercial leases will continue to be negotiated and brought to City Council for consideration.

Prepared by: Matthew J. Kulhanek, Manager Fleet and Facilities Unit

Reviewed by: Craig Hupy, Public Services Area Administrator

Approved by: Howard S. Lazarus, City Administrator

Whereas, The Ann Arbor Municipal Airport has the need to offer and execute land leases for privately owned non-commercial hangars;

Whereas, Airport staff and the Airport Advisory Committee underwent an 18-month process to develop hangar maintenance standards and a standard form of lease for these privately owned hangars; and

Whereas, The City Attorney's Office has prepared the standard form of lease which incorporates the maintenance standards;

RESOLVED, That the City Council approves the standard form of lease for privately owned non-commercial hangars at the Ann Arbor Municipal Airport;

RESOLVED, That the Airport Manager be authorized to execute the standard form of lease on behalf of the City of Ann Arbor; and

RESOLVED, That the City Administrator be authorized to take the necessary actions to implement this resolution.