



## Legislation Text

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**File #:** 14-1442, **Version:** 1

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Resolution to Approve a Lease Agreement for Land between the City and AvFuel Corporation for the Fuel Farm at the Ann Arbor Municipal Airport (**8 Votes Required**)

Attached for your consideration is a resolution to approve a Lease Agreement between the City and AvFuel Corporation, for the land which houses the aviation fuel storage facilities at the Ann Arbor Municipal Airport, for a ten year term. The original 1999 lease agreement with AvFuel expired on April 30, 2014.

**Budget/Fiscal Impact:** The first full year of the lease will generate \$2,394.00 for land usage. This revenue has been anticipated in the FY15 Airport Fund operating budget.

The tenant has installed modern above ground fuel storage tanks on the leased land. The tanks store the aviation fuel used at the airport. Aircraft fueling is actually done by the airport's three fixed based operators using small, specially designed airport fuel trucks. Since these fuel trucks are not licensed for over the road travel, it is imperative that a fuel storage facility be located at the airport. Multiple tanks are required as there are different types of aviation fuel. The tanks are housed in a concrete containment system and are electronically monitored for leak detection. The lease includes significant environmental impairment liability insurance protection coverage though we have not had any leakage issues since AvFuel has been onsite.

AvFuel has expressed their desire to lease for another ten years. Staff concurs that their operation is beneficial to the City and aviation community. The lease rate for the land is consistent with other land lease rates at the Ann Arbor Airport. Like all airport land leases, the land rate is subject to an annual CPI based adjustment.

The Airport Advisory Committee has been apprised of the proposed Agreement and recommends its approval by Council.

Prepared by: Matthew J. Kulhanek, Fleet & Facility Manager

Reviewed by: Craig Hupy, Public Services Area Administrator

Approved by: Steven D. Powers, City Administrator

Whereas, AvFuel Corporation entered into a 15 year lease agreement with the City in 1999 for the land in which they installed an aviation fuel storage facility at the Ann Arbor Municipal Airport;

Whereas, AvFuel Corporation has expressed a desire to continue leasing the land for this facility for an additional 10 year term;

Whereas, A fuel storage facility located at the Ann Arbor Municipal Airport is imperative for the continued success of aviation in the Ann Arbor area; and

Whereas, The Airport Advisory Committee and City staff have been apprised of this proposal and recommend that Council approve the Lease Agreement.

RESOLVED, that City Council approve the proposed Lease Agreement with AvFuel Corporation for the land which houses the aviation fuel storage facility at the Ann Arbor Municipal Airport;

RESOLVED, that the revenue generated by this Lease Agreement be applied to the Airport Enterprise Fund;

RESOLVED, That the Mayor and City Clerk be authorized and directed to sign said lease agreement upon approval as to form by the City Attorney, and upon approval as to substance by the City Administrator; and

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