



Legislation Text

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Resolution to Rescind Resolution R-22-374 for a Lease Agreement with Great Lakes Air Repair d/b/a Beacon Aviation and to Approve a Lease Agreement between the City and Herron Aviation Group LLC for a Corporate Hangar Located at the Ann Arbor Municipal Airport **(8 Votes Required)**

In November 2022, City Council approved resolution R-22-374 to approve a lease agreement with Great Lakes Air Repair d/b/a Beacon Aviation for the corporate hangar located at 719 Airport Drive. That lease was a partnership between Herron Aviation Group (Brian Herron) and Great Lakes Air Ventures (Dale Foerschler) to provide fixed based operator (FBO) services at the Ann Arbor Airport.

The buildings previous tenant, Aviation Center Inc., closed operations in February 2023. In working to finalize the new lease, the City was recently notified that Great Lakes Air Repair was no longer able to move forward with the project due to new economic and personnel related issues. Herron Aviation Group is prepared to move forward with the lease as approved by City Council in R-22-374 and, under the framework of the original proposal, provide FBO services at the airport working with a different FBO.

The lease proposed for consideration is identical to that previously approved by City Council with the only changes being the name of the Lessee and updated term dates. Both leases include the nearly \$200,000 worth of required building improvements made in the original proposal.

Budget/Fiscal Impact: The lease rate is the same as the previous tenant paid so the project is revenue neutral. Like all airport land leases, the lease rate is subject to an annual CPI based increase. Unlike other airport owned buildings, the airport has no ongoing financial responsibilities for the building, aircraft ramp or grounds. The continued lease of this corporate hangar has a positive impact on the Airport's Operating and Maintenance budget.

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

Reviewed by: John Fournier, Deputy City Administrator

Approved by: Milton Dohoney Jr., City Administrator

Whereas, City Council approved resolution R-22-374 on November 21, 2022 to approve a lease agreement with Great Lakes Air Repair d/b/a Beacon Aviation for a corporate hangar at 719 Airport Drive;

Whereas, the approved lease was based on a proposal from Herron Aviation Group LLC and Great Lakes Air Ventures for fixed based operator services at the Ann Arbor Municipal Airport;

Whereas, Great Lakes Air Ventures is unable to move forward with the project and both parties desire to have the same lease issued to Herron Aviation Group LLC; and

Whereas, The new lease is identical to the lease previously approved by City Council with the exception of the Lessee name and the updated term dates;

RESOLVED, that City Council rescind Resolution R-22-374 and the Lease Agreement with Great

Lakes Air Repair d/b/a Beacon Aviation;

RESOLVED, that City Council approve the proposed Lease Agreement with Herron Aviation Group LLC for the corporate hangar located at 719 Airport Drive;

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.