

## MEMORANDUM

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**DATE:** September 28, 2021

**TO:** Honorable Mayor and City Commissioners

**VIA:** James Slaton, City Manager

**FROM:** Teresa Allen, Public/Support Services Director

**REGARDING:** Hangar Land Lease Agreement and Operation Agreement– Jump Florida Skydiving, LLC

**SYNOPSIS:** The City Commission will consider a hangar land lease agreement and an operation agreement at the Lake Wales Municipal Airport.

### RECOMMENDATION

1. Authorize the mayor to execute a hangar land lease agreement between Jump Florida Skydiving, LLC and the City for 32,949 square feet (0.77 acres) of land space for the purpose of developing and constructing an aircraft hangar.
2. Authorize the mayor to execute an operation agreement between Jump Florida Skydiving, LLC and the city for space within the Airport Administration Building.

### BACKGROUND

Chapter 3-Airport, Section 3-30 of the City of Lake Wales Code of Ordinances allows the city to lease hangars, pasture lands and other airport property to individuals, firms or corporations.

Jump Florida Skydiving, LLC is requesting to lease land at the Lake Wales Municipal Airport to construct an aircraft hangar (32,949) square feet, at a rate of (\$1,070.84) per month (\$12,850.11) per annum.

Rent commencement date shall be the earlier of the twelve (12) months after the effective date or upon issuance of the Certificate of Occupancy. The annual base rent shall remain unchanged for the first five (5) years and thereafter shall be adjusted in the amount to be determined by the percentile change in the Consumer Price Index.

Pilots with larger aircraft are accustomed to certain amenities at airports. Having their aircraft fueled by airport staff is one. The Lake Wales Municipal Airport does not provide this service; therefore, the City is allowing LW hangar, LLC to purchase a fuel truck to provide fuel delivery service to all aircraft in their hangar. Self-fueling is allowable by the Federal Aviation Administration (FAA) guidelines. When the City is able to provide such service the City will provide this service at a cost not to exceed the wholesale fuel cost per gallon plus ten cents (\$0.10).

The initial term of this lease shall be for a period of thirty (30) years. Upon expiration of the initial term, Lessee shall have the option to extend the lease for one (1) additional ten (10) year renewal term. Lessee shall provide notice of electing any renewal term by providing written notice to lessor any time before the expiration of each prior term.

Proof of insurance is required before issuance of the Certificate of Occupancy.

Jump Florida Skydiving, LLC desires to lease facility space within the Airport Administration Building and agrees to pay a base rent of \$3,000.00 per month and an additional space rent of \$355.63 per month plus applicable tax for the term of the agreement.

Jump Florida Skydiving, LLC will pay 80% of the common utility cost including electricity and water and any other applicable utility cost.

Jump Florida Skydiving, LLC will pay the city a jump fee for each skydiver, which takes off from the airport ten cents per jump (\$0.10). The jump fee shall increase at a rate of 2.5% or the increase in the Consumer Price Index, whichever is greater, each year on the anniversary of this agreement.

The initial term of the operation agreement shall be for a period of thirty-six (36) months with a renewal clause for two (2) twelve (12) month terms subsequent to its' initial term upon mutual agreement of the parties.

#### **OTHER OPTIONS**

The City Commission may choose not to authorize the execution of the agreements at this time.

#### **FISCAL IMPACT**

Airport revenue of \$12,850.11 annually from the hangar land lease agreement and a monthly base rent of \$3,000.00 plus \$355.63 additional space rent from the operation agreement.

#### **ATTACHMENTS**

Hangar Land Lease Agreement

Operation agreement

Exhibit A: Leased Premises