

The Corporation of the City of Kawartha Lakes

Council Report

Report Number RS2019-028

Date: September 24, 2019

Time: 2:00 p.m.

Place: Council Chambers

Ward Community Identifier: 5

Title: Proposed Lease Agreements between the City of Kawartha Lakes and Tenants for 8 Hangar Space at Kawartha Lakes Municipal Airport

Author and Title: Sharri Dyer, Manager – Realty Services

Recommendations:

That Report RS2019-028, Proposed Lease Agreements between the City of Kawartha Lakes and Tenants for 8 Hangar Spaces at Kawartha Lakes Municipal Airport, be received;

That notwithstanding Section 3.05 Public Notice of Disposition By-law 2018-020, which section requires that disposition by long term lease be advertised on the City website, local newspaper and on-site for a 3 week period prior to declaration of surplus by Council, that Council waive this requirement;

That the property identified in Appendix B be declared surplus for long term lease; and

That the Mayor and Clerk be authorized to execute 8 Lease Agreements attached as Appendix A on behalf of the Corporation of the City of Kawartha Lakes, being proposed vacant land Lease Agreements with interested parties for the purpose of the tenants constructing and leasing hangar space at the Kawartha Lakes Municipal Airport, each for a 25 year term.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

There are multiple interested parties in 25 year vacant land leases, each to construct and lease separate hangar spaces on the Kawartha Lakes Municipal Airport.

The purpose of this report is to provide Council with an opportunity to consider the terms of the proposed Lease Agreement and for Council to provide direction required to execute this Agreement. The proposed Lease Agreement is attached as Appendix A.

Appendix B is a general location map, Appendix C is a general hangar location map.

Rationale:

Annual rent for each lease is one thousand and fifty dollars (\$1,050.00) plus HST, calculated at Thirty (30) cents per square foot. This rent is to be indexed each year in accordance with the Ontario Consumer Price Index. This rental rate was determined by consultation with airport staff in comparable markets.

These hangars have not been constructed yet and construction by the tenant is a term of the lease. The lease contains the specific requirements of construction including that the hangar must be constructed within a three to ten (3-10) month period after execution of the lease. The tenant must also construct a paved apron from the edge of the existing taxiway to the front of the hangar. The tenant is responsible for their share of property taxes, garbage and debris clean up, utilities and maintenance and repair of the hangar. The tenant shall not store fuel (other than the fuel in the fuel tank of the aircraft), other flammable or explosive substances, or any toxic substance and waste on the leased space or anywhere on airport property. The tenant is responsible for insurance. The landlord will be responsible for grass cutting and snow removal. These leases can be assigned upon obtaining the landlord's written consent which shall not be unreasonably withheld and upon the landlord and the new tenant entering into an assignment agreement. The new tenant would be responsible for all obligations contained in the original lease. The premises can be sub-leased providing the tenant does not sub-let any hangar space for less per aircraft than the highest rate offered by Kawartha Lakes Municipal Airport.

The rights of the tenants under these leases will be no greater or lesser than any other tenant of the airport. The airport currently has storage space for twenty (20) municipal aircrafts and has one commercial tenant that is housed in a separate building.

This lease was drafted with the intention of ending up with 8 new hangars being constructed by potential tenants. The Municipal Airport General Manager has been in consultation with 2 potential tenants that have expressed interest in 4 hangar spaces each and they have expressed an intention to sign. There is also a potential for more hangars in the future.

At the end of the term, the tenant shall, if directed by the landlord, remove the hangar and return the land to its original condition.

These leases will generate funds for the City.

We are proposing that the public notification should be waived in this scenario given that the lands are currently occupied by the airport which means they are already disposed of for a period of greater than 21 years. There is also an urgency given that construction needs to follow execution of the leases.

Other Alternatives Considered:

Council could direct that the construction of new hangars and a Lease Agreement not be allowed. That is not recommended in this circumstance because it would not maximize revenue at the Airport.

Generally, people who wish to lease a private hangar own their own aircraft. Usually those aircrafts are of a higher value than that of other private owners' aircrafts. Typically they are business owners, professionals or entrepreneurs. By having this type of facility available, it will assist in attracting that type of individual to the community. It will also potentially increase revenue to other local businesses such as fuel sales, maintenance professionals and mechanical professionals.

Financial/Operation Impacts:

The revenue for the lease will be multiplied for the individual Lease Agreements.

Relationship of Recommendations to the 2016-2019 Strategic Plan:

The recommendation in this report does not specifically align with a strategic goal, but does align with the strategic enabler efficient infrastructure and asset management.

Consultations:

Municipal Airport General Manager
Airport Advisory Committee
Loomex management staff
City of Kawartha Lakes staff
Peterborough Airport staff
Staff from airports in comparable markets

Attachments:

Appendix A – Proposed Lease Agreement (Expiry 2023)



Appendix A -
Proposed Private Ha

Appendix B – General Map



Appendix B - General
Map.pdf

Appendix C – General Hangar Location Map



Appendix C - General
Hanger Location Map.

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Department Head: Robyn Carlson

Department File: