

<p><b>STAFF REPORT</b></p> <p><b>For Meeting of April 11, 2016</b></p> <p><b>MAYOR AND MEMBERS OF THE CITY COUNCIL</b></p>	<p>Agenda Item #</p> <p>NO. 2016-</p> <p><b>SUBJECT:</b> Airport Ground Lease VanRyn</p>
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**Subject**

Approve a ground lease at the Hermiston Airport to allow for the construction of a 3,000 square foot private airplane hangar.

**Summary and Background**

William Van Ryn is seeking a standard 20-year lease for 3,000 square feet of ground at the airport in order to build a hangar for his airplane. The location is in conformance with the approved Airport Layout Plan for future hangar space. The Airport Board unanimously recommended approval of the ground lease at its meeting on March 9, 2016.

**Fiscal Information**

The current ground lease rates at the airport are \$0.15/square foot. This lease will increase annual lease revenue at the airport by \$450 per year for the first five years. All airport lease rates are re-negotiated after the first five years.

**Alternatives and Recommendation**

**Alternatives**

1. Approve the ground lease.
2. Deny the ground lease.

**Recommendation**

This will be a good addition to the airport's hangar-stock. Recommend approval.

**Requested Action/Motion**

Motion to approve the ground lease.

**Department Head-** Mark Morgan, Assistant City Manager



**City Attorney-** Gary Luisi, City Attorney

**City Manager Approval-** Byron Smith, City Manager



## HERMISTON MUNICIPAL AIRPORT Ground Lease

The City of Hermiston (City) entered into this agreement with William Van Ryn (tenant), as follows:

1. Premises: City leases to Tenant and Tenant takes the space described in Exhibit A.
2. Term: The term of this lease is 20 years from April 14, 2016 to April 14, 2036.
3. Deadline for Improvements: The intention of this ground lease is to facilitate the construction and operation of an approximately 3,000 square foot hangar building. This agreement shall automatically terminate on January 1, 2018 if the hangar building is not fully completed and occupied by then.
4. Rent: As of April 14, 2016, the annual rent is \$0.15 per square foot, or \$450, which shall be paid at City Hall on or before the first day of January each year. Rent for the period between the effective date of this lease and January 1, 2017 shall be pro-rated and is due to the City within 10 days of the effective date of this lease. The rent is subject to adjustment as negotiated every five years, with the next adjustment to be negotiated in January, 2021.
5. First Refusal: At the end of the term this lease is terminated. If, in the City's sole discretion, the premises are to be offered for sale or lease, Tenant or successors in interest shall be allowed the right to match the best acceptable offer. The right must be exercised and executed with 60 days of notice by City.
6. Option to Renew: Upon the keeping of all the terms of this agreement, Tenant shall have the option of renewing this lease for one additional ten-year term if City receives a written request for renewal from Tenant no earlier than 5 years before the expiration of the lease, and no later than six months before the expiration of the lease. The renewal shall be on terms to be agreed; however, any changes shall be consistent with this lease.
7. Title to Improvements: Upon expiration or termination for cause or otherwise of the lease or any extensions, title to all structures and improvements shall be vested in Tenant. For this reason it is expressly agreed by Tenant that the structures will be removed and the property cleared within 90 days of any termination date.
8. Alterations: Tenant will make no alterations in or additions to said premise or building, including painting, without first obtaining the written consent of the City in order that an overall plan may be followed.
9. Conformance with Law: Tenant will not use or permit in premises anything that would violate any City or State or Federal law, code ordinance, or administrative rule.

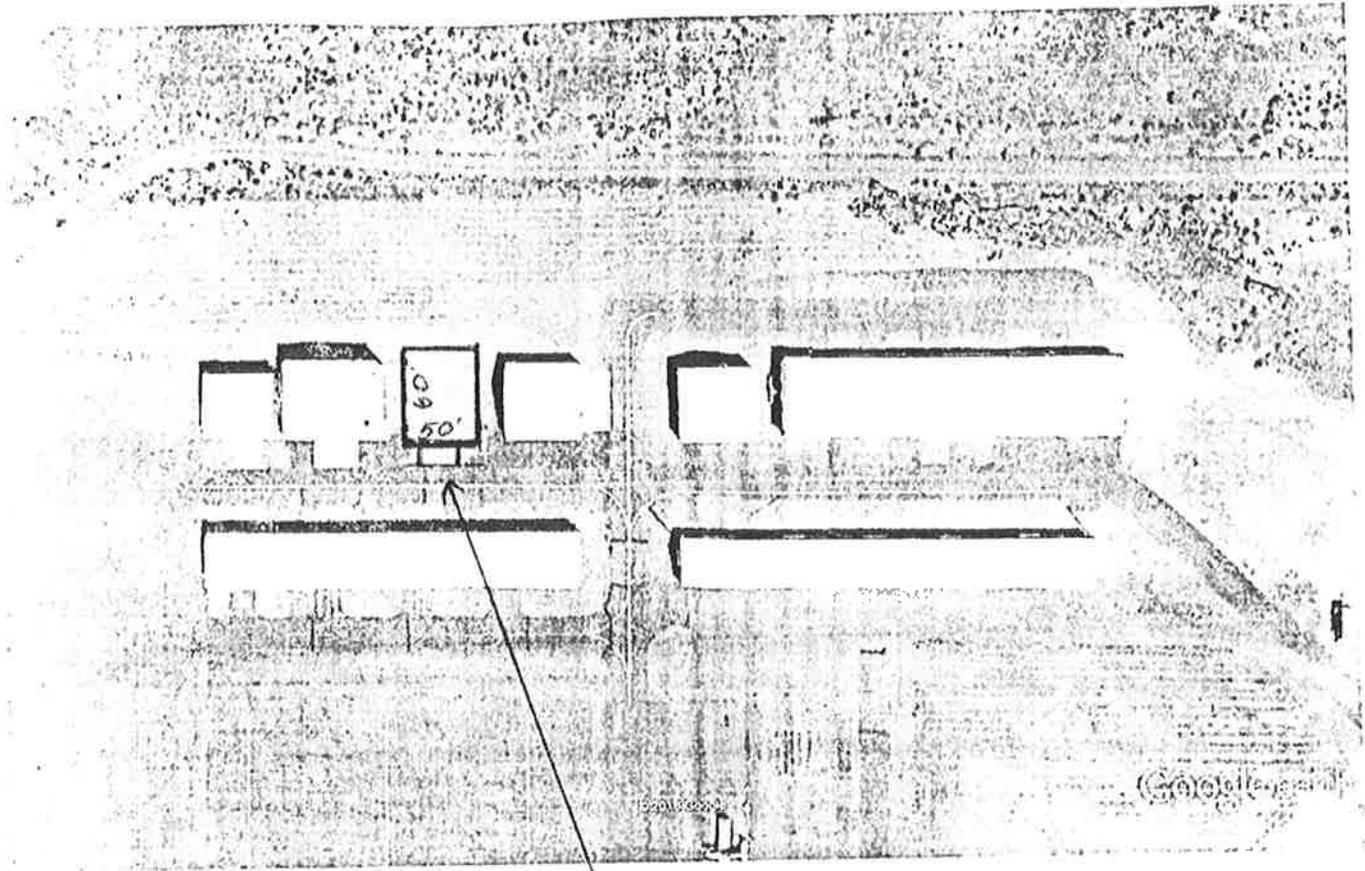
10. Taxes and Assessments: If by reason of this lease the real property occupied by Tenant becomes taxable under the laws of the State of Oregon, the obligation to pay the taxes shall be added to the rental obligation of Tenant. The amount to be included in a written notice given Tenant once each year. At present under Oregon law the land is exempt from property taxation.
11. Use of Premises: Tenant agrees that the premises shall be used for the storage of aircraft. Items of personal property used in the business may be stored temporarily when such storage in no way interferes with the normal storage area of the aircraft inside the hangar, and does not otherwise violate this agreement. Tenant further agrees not to store any flammables or explosives within the premises. For the purpose of this agreement, "flammables or explosive" shall not apply to fuel or other flammables contained within the tanks or normal portions of any airplane or automobile placed in said hangar.
12. Assignments or Sublease: This may be done only with prior written consent of the City. Including major ownership change in business entity.
13. Right of Entry: The City may enter the premises in case of emergency. The City shall log any such entry at the Airport Manager's office during normal working hours and notify Tenant.
14. Ground Maintenance: The Tenant shall maintain the grounds and premises in and around the rental area in reasonably neat, clean, and orderly condition.
15. Rules and Regulations: The Tenant agrees to abide by the Airport Rules and Regulations, as they now exist or may hereafter be amended in any way by the City. Attached are General Specifications which are incorporated by reference.
16. Continued Airport Operation: City does not agree that it will operate and maintain this airport continuously in the future.
17. Airport Security: Tenant must provide for security of the property and City expressly assumes no duty to provide security.
18. Corrective Action by City: In the event of damage by Tenant other than wear and tear the City may make repairs or take any other corrective action necessary for the protection of the property and operation of the lease. City shall first give Tenant ten days written notice and demand for correction except in case of emergency when no notice will be required. Tenant shall pay City for all costs and expenses incurred in curing the defaults or repairs upon presentation of a bill therefore, as additional rent.
19. Insurance: Tenant shall carry premises liability insurance with limits of \$500,000.00, in the aggregate; and agrees to adjust the amounts and coverages to meet standards set up in Airport Rules and Regulations and State and Federal Rules, present and future, and to include City as an additional insured. (Not less than maximum set in Oregon Tort Claims statute.)



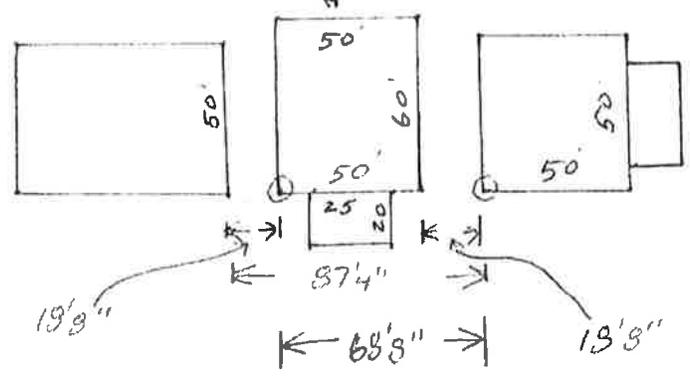
Hermiston Airport Lease Space described below

1. Premises. City leases to Tenant and Tenant takes the space described below for the building of a private hangar for the use of Tenant on the terms of this lease;

Commencing at the southwest corner of Section 13, T4N R28 E.W.M.: Thence north  $18^{\circ}26'45''$  east 1935.62 feet to a point on the construction centerline of the Hermiston Municipal airport runway 4/22, said point being located at the southwest end of the runway and having the engineering station of 0+00; thence north  $61^{\circ}27'37''$  east 1810.3 feet along the centerline of said runway; thence north  $28^{\circ}32'23''$  west 564 feet to the true point of beginning; thence north  $28^{\circ}32'23''$  west 60 feet; thence north  $61^{\circ}27'37''$  east 50 feet; thence south  $28^{\circ}32'23''$  east 60 feet; thence south  $61^{\circ}27'37''$  west 50 feet to the true point of beginning. (Total area = 3,000 sq. ft.)



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Hermiston Airport

William Van Ryn  
541-701-0090

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