

**City Council Agenda Items
and
Contracts, Leases or Agreements**

January 17, 2012

**City Council Meeting Date
Agenda Items Only**

Ray Boudreaux Aviation Transportation
Submitted By **Division** **Department**

Action Required:

Action Required: Request approval for a Corporate Hangar Lease with South Delta Aviation, Inc. Attn: Darryl Riddel, 4248 S. School Ave., Fayetteville, AR 72701 (additional address: P. O. Box 2737, West Helena, AR 72390), ph. w) 870-572-9011 & c) 870-995-1323, with signatures of the Mayor and City Clerk.

_____	\$ _____	_____
Cost of this request	Category / Project Budget	Program Category / Project Name
_____	\$ _____	_____
5550.0955.4450.00	Funds Used to Date	Program / Project Category Name
_____	\$ _____	_____
Account Number	Remaining Balance	Rent (Corp Hangar)
_____	_____	_____
Project Number	_____	Fund Name

Budgeted Item Budget Adjustment Attached

[Signature] 12-29-11
Department Director Date

Previous Ordinance or Resolution # _____

[Signature] 12-29-11
City Attorney Date

Original Contract Date: _____

Original Contract Number: _____

Paul a. Beube 1-3-2012
Finance and Internal Services Director Date

Received in City Clerk's Office 12-29-11 P12:36 RCVD
Kernig

[Signature] 1-4-2012
Chief of Staff Date

Received in Mayor's Office **ENTERED**
12/30/11
[Signature]

[Signature] 1/4/12
Mayor Date

Comments:

City Council Meeting of: N/A
Agenda Item Number:



AVIATION DIVISION
FAYETTEVILLE EXECUTIVE AIRPORT • DRAKE FIELD

CITY COUNCIL AGENDA MEMO/STAFF CONTRACT REVIEW MEMO

TO: Mayor Jordan
THRU: Chief of Staff
THRU: Staff/Contract Review Committee
THRU: Terry Gulley, Transportation Director *TGG*
FROM: Ray M. Boudreaux, Aviation Director *RMB*
DATE: December 29, 2011

SUBJECT: Approval of Lease of Large Hangar at 4248 South School Ave to South Delta Aviation, Inc. Signature of the Mayor on Lease.

RECOMMENDATION: Approve Lease of Hangar at 4248 South School Ave. to South Delta Aviation, Inc., Mr. Darryl Riddell, owner. This is the former AATC Hangar that was modified by the City of Fayetteville with classrooms. The lease will begin June 1, 2012 following modifications to remove the classrooms and the repair and motorize the Hangar doors. The project will be funded through an 80/20 Grant through the Arkansas Aeronautics Commission. A signed lease is required by the Commission for application for support to repair the building. The Airport Board approved this action at the December meeting.

BACKGROUND: Mr. Riddell operates South Delta Aviation, Inc. which buys and sells aircraft. The company also does maintenance and repair of aircraft. The former AATC Hangar has been empty since 2007 when the school was taken over by the NWACC. The school was started in 1998 with help from State Aeronautics and the State Economic Development Administration. The City Building Maintenance did most of the construction to remodel the building with classrooms and labs for the school. Mr. Riddell has conditioned his lease on the improvements to the hangar. Plans are for 6 employees initially growing to 15 employees in the first two years. In separate action for the City Council, we have asked for approval of a Task Order with McClelland Consulting Engineers to design the project and to provide Plans and Specs for the project and to provide bidding services. We expect the total project to cost approximately \$200,000.00.

BUDGET IMPACT: The negotiated lease payment is \$3,000.00 per month to begin June 1, 2012. Term of the lease is 2 years with one two year option to renew at a lease rate adjusted by the CPI plus 1%.

Attachments: Staff Review
Lease with South Delta Aviation, Inc.

RESOLUTION NO. _____

A RESOLUTION TO APPROVE A TWO YEAR LEASE FOR THE AIRPORT HANGAR AT 4248 SOUTH SCHOOL AVENUE TO SOUTH DELTA AVIATION, INC. FOR A RENT OF \$3,000.00 PER MONTH TO BEGIN ON JUNE 1, 2012

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby approves the attached two year lease for the airport hangar at 4248 South School Avenue to South Delta Aviation, Inc. for a rent of \$3,000.00 per month to begin on June 1, 2012, and authorizes Mayor Jordan to execute the lease.

PASSED and APPROVED this 17th day of January, 2012.

APPROVED:

ATTEST:

By: _____
LIONELD JORDAN, Mayor

By: _____
SONDRA E. SMITH, City Clerk/Treasurer

ACCOUNTING INFORMATION FOR LEASE AGREEMENT

**South Delta Aviation, Inc.
Fayetteville Executive Airport, Drake Field**

Lessee Name: South Delta Aviation, Inc.

Phone numbers:

Billing Address: Attn: Darryl Riddell

Work: 870-572-9011

4248 S. School Ave.

Cell: 870-995-1323

Fayetteville, AR 72701

Home:

Additional Address: P.O. Box 2737

E-mail: dridell@suddenlinkmail.com

West Helena, AR 72390

Emergency Ph:

wife - Murty Riddell

Emergency Contact: 870-816-4663

Tax I.D. No.: 20-3072840

Social Security No.: _____

Date of Birth: _____

South Delta Aviation, Inc. agrees to provide the Airport with current address, telephone, and insurance information. WR
(tenant's initials)

I have received a copy of "The Minimum Standards for the Fayetteville Municipal Airport Drake Field" WR
(tenants initials)

LEASE AGREEMENT

This **LEASE AGREEMENT** made this _____ day of _____, _____, by and between the City of Fayetteville, Arkansas, hereinafter called the City, and South Delta Aviation, Inc., of West Helena, AR herein after called South Delta Aviation.

WHEREAS, the City owns and operates an Airport known as the Fayetteville Executive Airport, Drake Field, herein after referred to as the Airport; and situated in Washington County in the State of Arkansas.

WHEREAS, the City is the owner of an aircraft hangar located at 4248 S. School Avenue, at the Airport: and

WHEREAS, South Delta Aviation desires to lease said aircraft hangar at the airport,

NOW, THEREFORE, the parties, in consideration of the mutual covenants contained herein, hereby agree as follows:

1. LEASED PREMISES. The City leases to South Delta Aviation and South Delta Aviation leases from the City, the aircraft hangar at the airport located at 4248 South School Avenue, Fayetteville, Arkansas 72701, as reflected on Exhibit "A" attached hereto and made a part hereof.

2. USE OF AIRPORT. South Delta Aviation is granted the use, without charge, in common with others similarly authorized, of the airport, together with all facilities, equipment, improvements, and services which have been or may hereafter be provided at or in connection with the Airport from time to time including, but not limited to, the landing field, and any extensions hereof or additions thereto, roadways, runways, ramps, aprons, taxiways, flood lights, landing lights, beacons, control tower, signals, radio aids, and all other conveniences for flying, landings and take-offs.

3. RIGHTS OF INGRESS AND EGRESS. South Delta Aviation shall have at all times the full and free right to ingress to and egress from the demised premises and facilities referred to herein for South Delta Aviation, its employees, customers, passengers, guests, and other invitees. Such rights shall also extend to persons or organizations supplying materials or furnishing services to South Delta Aviation.

4. LEASE TERM. Subject to earlier termination as hereinafter provided, the initial term of this agreement shall be for two (2) years commencing on the 1st day of June, 2012, and ending on the 31st day of May 2014.

The City further agrees to extend this agreement for one additional term of two years. The lease will be automatically renewed at the end of the first term with a rental adjustment at the rate of the increase of the CPI plus one percent using the formula on Lease Attachment #1.

5. RENTAL FEES. South Delta Aviation shall pay \$3,000.00 per month for the initial lease term. The initial lease payment is due and payable upon execution of this lease document. All subsequent lease payments shall be due and payable in advance on or before the first day of each calendar month thereafter. In addition to any remedy available to it hereunder, the City may impose as additional rentals a delinquency charge on all overdue payments, at the maximum rate allowed by law.

6. UTILITIES AND JANITORIAL. South Delta Aviation shall be responsible for the payment of such utilities serving the demised premises, including, but not limited to heat, light, gas, electricity, telephone, and water, sewer and trash removal. Any such services required by South Delta Aviation for their use and purposes shall be their sole and exclusive responsibility and South Delta Aviation agrees to hold the City of Fayetteville, harmless from any responsibilities or liability thereof. South Delta Aviation shall be responsible for all janitorial services to the leased premises.

7. REPAIRS, MAINTENANCE AND APPEARANCE.

A. The City shall maintain and keep in good repair so much of the airport premises as are not under the exclusive control of South Delta Aviation. South Delta Aviation shall at the termination surrender or forfeiture of this lease, return said premises in same or better condition premises were at the beginning of the lease, normal wear and tear excepted.

The City shall be responsible only for major maintenance of the existing equipment, i.e. replacement of heating unit and other equipment in place in the facility which includes, roof, hangar door motors, exterior walls, exterior plumbing, paved ramp and paved parking lot. The City agrees that if the roof or any part of the exterior walls or plumbing of said building thereof shall become defective or damaged at any time during the term due to ordinary wear and tear and not due to negligence of the South Delta Aviation, or South Delta Aviation' agents or invites, upon notice from South Delta Aviation, the City will immediately cause repairs to be made and restore the defective portions to good condition. If the damage is so extensive as to render the aircraft hangar at the airport untenable, the rent payable hereunder shall be proportionally paid up to the time of such damage and shall thenceforth cease until such time as the premises shall be fully restored. If the demised premises are completely destroyed, City may reconstruct the hangar at the City's own cost and the rent payable hereunder shall be adjusted as set forth above, or the City may, at its option, cancel this agreement, such cancellation to be effective as of the date the hangar was destroyed, and the rent adjusted as set forth above. Routine maintenance of the hangar doors shall remain the responsibility of the City. South Delta Aviation shall not make any alterations to the controls of the hangar doors.

B. South Delta Aviation shall at all times during the term of this lease keep and maintain in good repair and safe condition the leased premises. South Delta Aviation will at all times maintain the Leased Premises in a clean, orderly, and attractive condition: Not allow the accumulation of rubbish, trash, refuse and any unsightly conditions or fire hazards on the Leased Premises.

C. South Delta Aviation agrees to reimburse the City for all sums and expenses incurred in the repairs or maintenance required or caused to be made pursuant to the regulations and rules of the City as a result of the failure of South Delta Aviation to maintain or repair the demised premises as required.

8. ALTERATIONS AND IMPROVEMENTS. South Delta Aviation shall bear the cost of all improvements or additions made to the interior or exterior of the building on the leased premises. No improvements or additions to any part of the leased premises shall be made by South Delta Aviation without the prior written approval of the Airport Director, whose consent will not be unreasonably withheld, provided they meet all City requirements, to make any alterations, additions and improvements South Delta Aviation deems necessary and desirable to the interior of the leased premises. Any signs or antennas to be erected on or attached to the leased premises must have the prior written approval of the Airport Director and conform to all City Ordinances with appropriate permits issued as necessary.

The City shall make repairs to the hangar doors. The City shall install motor driven door controls as part of the general rehabilitation as mutually agreed upon by the parties.

9. INSURANCE. South Delta Aviation shall maintain in force during the Term and any extended term, public liability and property damage insurance in comprehensive form as reasonably may be required by the City and outlined in the Airport Minimum Standards. The insurance shall be issued by an insurer licensed to do business in the State of Arkansas.

Concurrent with the execution of this Agreement, South Delta Aviation shall provide proof of insurance coverage by providing a Certificate of Lessee's Insurance coverage, a copy of the declarations page on the insurance policy, and a copy of all endorsements. The Certificates of Insurance, or endorsements attached thereto, shall provide that; (a) insurance coverage shall not be canceled, changed in coverage, or reduced in limits without at least thirty (30) days prior written notice to the City; (b) the City and the Airport and their trustees, agents, officers, servants, and employees are named as additional insured; (c) the policy shall be considered primary as regards to any other insurance coverage the City may possess, including any self-insured retention or deductible the City may have, and any other insurance coverage the City may possess shall be considered excess insurance only; (d) the limits of liability required therein are on an occurrence basis.

10. CONDITIONS, RULES AND REGULATIONS. South Delta Aviation agrees to comply with and abide by all terms and conditions set forth in this Lease. South Delta Aviation agrees to observe and obey the City's Ordinances and Regulations with respect to use of the demised

premises and Airport; provided, however, such Ordinances and Regulations shall be consistent with safety and with all city, county, and state rules, regulations, including all current fire codes, and orders of the Federal Aviation Administration with respect to aircraft operations at the Airport, and provided further, such Ordinances and Regulations shall be consistent with the provisions of this agreement or the procedures prescribed or approved from time to time by the Federal Aviation Administration with respect to the operation of South Delta Aviation' aircraft at the Airport.

"The Minimum Standards for Fayetteville Executive Airport, Drake Field" herein referred to as Airport Minimum Standards at Fayetteville Executive Airport are made part of this lease by reference as if included word for word.

11. USE OF HANGAR. South Delta Aviation agrees that it shall use the premises for the implementation and conducting of an aircraft maintenance and repair business. South Delta Aviation agrees that it shall use the premises for the sale, maintenance and repair of airplanes and equipment necessarily related to the operation and that no other vehicles, equipment or supplies shall be stored on the premises unless expressly agreed to by the City. South Delta Aviation further agrees not to store any flammable material on the demised premises other than a limited supply of oils and agents necessary for the conduct of the sale, maintenance and repair of aircraft on the premises or in any way endanger or violate the provisions of the City's standard commercially available property insurance policy or the requirements of same. Such violations shall constitute a material breach of this Agreement.

12. DAMAGE BY FIRE. If the demised premises are partially damaged by fire or other casualty which is not due to the negligence or fault of the South Delta Aviation, said premises shall be repaired with due diligence by the City at City's expense. If the damage is so extensive as to render such building untenable, the rent payable hereunder shall be proportionally paid up to the time of such damage and shall thenceforth cease until such time as the premises shall be fully restored. If the demised premises are completely destroyed, City may reconstruct the hangar at the City's own cost and the rent payable hereunder shall be adjusted as set forth above, or City may, at its option, cancel this agreement, such cancellation to be effective as of the date the hangar was destroyed, and the rent adjusted as set forth above.

13. HAZARDOUS SUBSTANCE. South Delta Aviation shall not cause or permit any Hazardous Substance to be used or stored on or in the Leased Premises except that required in the conducting of the aircraft sales, maintenance and repair business, without first obtaining the City's written consent. If Hazardous Substances are used, stored, generated or disposed of on or in the Leased Premises, or if the Leased Premises or any other Airport property becomes contaminated in any manner for which South Delta Aviation is responsible or legally liable, South Delta Aviation shall indemnify and hold harmless the City from any and all claims, damages, fines, judgements, penalties, costs, liabilities, or losses including, without limitation and decrease in value of the Lease Premises, damages caused by loss or restriction of rentable or usable space as a part of the Leased Premises arising during or after the term hereof and arising as a result of that contamination by South Delta Aviation' agents, employees, and invitees. This

indemnification includes, without limitation, and all cost incurred because of any investigation of the Airport or any cleanup, removal, or restoration mandated by a federal, state, local agency or political subdivision.

14. NON-DISCRIMINATORY CLAUSE. South Delta Aviation agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, creed, color, religion, national origin, sex, martial status, or handicap in the furnishing, or by refusing to furnish, to such persons the use of any facility, including any and all services, privileges, accommodations, and activities provided thereby. Nothing herein shall require the furnishing to the general public of the use of any facility customarily furnished by the City solely to tenants, their employees, customers, patients, client, guests, and invites.

15. ASSIGNING, SUBLETTING AND ENCUMBERING. South Delta Aviation shall not assign this Agreement in whole or in part, nor sublease all or any part of the Leased Premises, nor permit other persons to occupy said Leased Premises or any part thereof, nor grant any license or concession for all or any part of said Leased Premises, without the prior written consent of the Airport Director, which consent shall not be unreasonably withheld. Any consent by the Airport to an assignment or subletting of this Agreement shall not constitute a waiver of the necessity of obtaining that consent as to any subsequent assignment. Any assignment for the benefit of South Delta Aviation creditors or otherwise by operation of law shall not be effective to transfer or assign South Delta Aviation interest under this Agreement unless the Airport shall have first consented thereto in writing. Neither South Delta Aviation interest in this Agreement, not any estate created hereby in South Delta Aviation nor any interest herein or therein, shall pass to any trustee or receiver or assignee for the benefit of creditors or otherwise by operation of law except as may specifically be provided in the Bankruptcy Code. If any of the corporate shares of stock of South Delta Aviation are transferred, or if any partnership interests of South Delta Aviation are transferred, by sale, assignment, bequest, inheritance, operation of law, or otherwise, so as to result in a change of the control, assets, value, ownership, or structure of South Delta Aviation, same shall be deemed an assignment for the purposes of this Section 15 and shall require the Airport's prior consent, and South Delta Aviation shall notify the Airport of any such change or proposed change.

16. TERMINATION: The City or South Delta Aviation may terminate this lease at any time by giving the other party 60 days written notice of termination. On the expiration or other termination of this lease South Delta Aviation right to use the demised premises shall cease, and South Delta Aviation shall vacate the premises without unreasonable delay. All property installed, erected, or placed by South Delta Aviation in, on, or about the premises leased hereunder shall be deemed to be personalty and shall remain the property of South Delta Aviation. South Delta Aviation shall have the right at any time during the term of this agreement, or any renewal or extension hereof, and for an additional period of fourteen (14) days after the expiration or other termination of this agreement, to remove any or all of such property, subject, however, South Delta Aviation obligation to repair all damage, if any, resulting from such removal. Any, and all property not removed by South Delta Aviation prior to the

expiration of the aforesaid fourteen (14) day period shall thereupon become a part of the land on which it is located and title hereto shall thereupon vest in the City.

17. The City may enter the premises leased to South Delta Aviation at any reasonable time for any purpose necessary or incidental to the performance of its obligations or South Delta Aviation obligations hereunder.

18. **NOTICES:** Any notice or consent required by this Agreement shall be sufficient if sent by Certified Mail, return receipt requested, postage paid, to the following address:

CITY OF FAYETTEVILLE

SOUTH DELTA AVIATION, INC.

Airport Administration Office
4500 S. School Avenue, Suite F
Fayetteville, Arkansas 72701
Phone: 479-718-7642

South Delta Aviation, Inc.
4248 S. School Avenue
Fayetteville, Arkansas 72701
Phone:

20. This agreement shall be construed under the laws of the State of Arkansas.

21. All the covenants, conditions, and provisions under this agreement shall extend to and bind the legal representative, successors, and assigns of the respective parties hereof.

IN WITNESS WHEREOF, the parties have executed this Lease on the day and year first above written.

CITY OF FAYETTEVILLE, ARKANSAS

SOUTH DELTA AVIATION, INC.

By: _____
Lioneld Jordan, Mayor Date

By: *Darryl Riddell* _____
Darryl Riddell, President Date

ATTEST

Darryl Riddell _____
Secretary Date

By: _____
Sondra Smith, City Clerk & Treasurer Date

