

City Council Agenda Memo

From: Jackie Lanning, City Engineer

Council Meeting: January 28, 2020

Subject: Public Hearing and Action on Resolution 20-011, a Resolution of Intent to Lease Real Property at Brookings Airport to Civil Air Patrol, Inc.

Person(s) Responsible: Jackie Lanning, City Engineer

Summary:

This resolution will approve leasing the Brookings Airport Terminal Building to Civil Air Patrol, Inc. for a period of five (5) years.

Background:

The City would like to renew a lease to the Civil Air Patrol for the City-owned Airport Terminal Building. The Civil Air Patrol is an affiliate of the "SD Civil Air Patrol Wing." Their mission is to provide Cadet programs for leadership, aerospace education to interested students, and emergency services. There are 550 Civil Air Patrol aircraft nationwide and 6 of the planes are in South Dakota. The plane is owned by the Air Force and the Wing Group provides funding for the plane hangar, and fuel for some missions. The Brookings Civil Air Patrol has 18 members (4 "senior" members who are over 21 years old, and 14 students between the ages of 12 and 18). They meet weekly with the students for education and leadership, and they hold other events such as search and rescue, training, annual conference, etc.

The Civil Air Patrol have been leasing the Terminal Building since 2012. The City Council had approved a reduced lease rate to the Civil Air Patrol since 2016 due to their limited funding. The local Civil Air Patrol Group pays for their own building rent, utilities, and fuel. Their annual operating budget is approximately \$3,000, which is raised through fundraisers such as washing planes, etc. They also pay rent for the plane hangar at Pheasant's Fury, and purchase gas, both of which benefit the airport. The 2019 lease rate was \$81.96 per month and they also pay for ½ of the utilities for the building.

The City is allowed to apply a lower lease rate for this type of group. The FAA Airport Compliance Manual, Order 5190-6B, Chapter 17, on Self-sustainability, provides an exception for Not-for-Profit Aviation Organizations, which is as follows:

"17.16. Exception for Not-for-Profit Aviation Organizations. Reduced Rent. A sponsor may charge reduced rental rates to aviation museums and aeronautical secondary and post-secondary education programs conducted by accredited education institutions to

the extent that civil aviation receives reasonable tangible or intangible benefits from such use. A sponsor may also charge reduced rental rates to Civil Air Patrol units operating aircraft at the airport.”

The following state statutes would apply:

9-12-5. Powers - Lease or transfer of property for public purposes.

Every municipality shall have power to lease or sell or give and convey any personal or real property of the municipality or perform any work or render any services, to the state or any public corporation thereof, to be used by such grantee for an authorized public purpose; such lease or sale or gift and conveyance, or the performance of such work, to be authorized, made or done on the terms and in the manner provided by resolution of the governing body.

9-12-5.1. Powers - Lease of property - Term and conditions.

Every municipality may lease its municipally-owned property. Any such lease shall be for a term and upon the conditions provided by resolution of the governing body.

9-12-5.2. Powers - Lease to private person - Resolution - Notice - Hearing - Authorization.

If the governing body decides to lease any municipally owned property to any private person for a term exceeding one hundred twenty days and for an amount exceeding five hundred dollars annual value it shall adopt a resolution of intent to enter into such lease and fix a time and place for public hearing on the adoption of the resolution. Notice of the hearing shall be published in the official newspaper once, at least ten days prior to the hearing. Following the hearing the governing body may proceed to authorize the lease upon the terms and conditions it determines.

The notice was published as required.

Discussion:

The rental lease rate will be \$84.42 per month for 2020 for the leased square footage, which is a 3% increase from the 2019 lease rate. There will be an annual rate increase of 3% on January 1st of each year. Civil Air Patrol, Inc., will also pay ½ the utilities for the building and the City will cover the other ½ of the utilities since part of the building houses FAA equipment and is not included in the lease space.

Legal Consideration:

None.

Financial Consideration:

The City will enter into a Lease Agreement with the Civil Air Patrol, Inc., for a period of five (5) years, ending December 31, 2024, for the lease rate of \$84.42 per month starting in 2020 and increasing 3% per year. The revenue is deposited in the Airport Fund.

Options:

The City Council has the following options:

1. Approve as presented
2. Deny

Recommendation:

Staff recommends approval of the resolution as presented.

Action Requested:

Approve the Resolution of Intent to Lease Real Property at Brookings Airport to Civil Air Patrol, Inc.

Supporting Documentation:

1. Resolution
2. Notice