



TO: Mayor Shaun Sipma
Members of the City Council

FROM: Rick Feltner, Airport Director

DATE: July 20, 2020

SUBJECT: OFFER NEW LEASE TERMS TO SCHATZ CROSSROADS FOR LOT 4 BLOCK 5, MINOT INTERNATIONAL AIRPORT, SECOND ADDITION (FORMERLY LOT 51, WESTSIDE DEVELOPMENT, MINOT INTERNATIONAL AIRPORT)

I. RECOMMENDED ACTION

1. Approve new Ground Lease and Hangar Development Agreement with Schatz Crossroads; and
2. Authorize the Mayor to sign any applicable documentation.

II. DEPARTMENT CONTACT PERSONS

Rick Feltner, Airport Director

857-4724

III. DESCRIPTION

A. Background

Schatz Crossroads is currently in a holdover month-to-month ground lease agreement with the Minot International Airport (MOT), as it expired on September 30, 2012. Because the lease has been expired for a number of years, a new ground lease agreement is being proposed.

The proposed new ground lease and hangar development agreement will implement updated terms and conditions as well as a monthly rental rate that is in line with the approved Rates and Charges.

B. Proposed Project

City Staff recommends the option to renew the lease under the terms and conditions of the proposed new ground lease and hangar development agreement; and recommends that the City Council accept these terms and authorize the Mayor to enter into the ground lease agreement.

C. Consultant Selection

N/A

IV. IMPACT:

A. Strategic Impact:

N/A

B. Service/Delivery Impact:

The renewal of the lease will allow for the continuation of a positive longstanding relationship with a general aviation tenant that also maintains a positive working relationship with the general aviation community at the Minot Airport and surrounding community.

C. Fiscal Impact:

The property is currently being rented at \$61.33/month, or \$735.96/year. The new rental rate as designated by the published Rates and Charges is \$0.26/square foot. The property is a total of 5,600 square feet, which will result in revenue of \$1,456.00/year, or \$121.33/month.

V. ALTERNATIVES

Alt 1. The Council could reject the request to renew and direct City staff to maintain the current arrangement.

Alt. 2. The Council could suggest amendments to the proposed agreement.

VI. TIME CONSTRAINTS

Should the request not be approved, the tenant will continue to occupy the hangar at a lower rental rate with outdated terms and conditions.

VII. LIST OF ATTACHMENTS

- A. Original Lease – Lot 4, Block 5 (formerly Lot 51, Westside Development)
- B. Proposed Ground Lease and Hangar Development Agreement
- C. Exhibit A – Lot 4, Block 5