

**SUBMITTED BY:** Luis Pedroza, Deputy City Manager/City Treasurer

**MANAGEMENT TEAM REVIEW:** Ana Urquijo, City Manager

**FOCUS AREA:** Advanced Infrastructure Development and Improvement

**ORGANIZATIONAL IMPROVEMENTS:** EnterTextHere

**SUBJECT:** **RESOLUTION NO. 23-1573**, a Resolution of the Mayor and Council of the City of Douglas, Cochise County, Arizona, **AUTHORIZING a LEASE AGREEMENT for INDIVIDUAL T-HANGARS** located within the **DOUGLAS MUNICIPAL AIRPORT** with parcel 410-01-005 and granting the City Manager authorization to execute 12-month lease agreements with individual tenants for aviation purposes; establishing severability; and establishing an effective date thereof.

**EXECUTIVE SUMMARY:**

It has been 1 year since the Council approved a T-Hangar lease agreement for aircraft leasing individual T-Hangar space at the Douglas Municipal Airport. Staff is seeking renewal of the lease agreement with changes to rental amounts to include utilities costs.

**BACKGROUND:**

The Mayor and Council approved a 12-month lease agreement for rental fees of \$100 per month for 25'x44' space and \$150 per month for 25'x65' space. Since the lease approval in November 2022, there were 4 original tenants that signed the new lease agreement. After the approval, the city has leased 4 additional spaces and currently has a total of 8 of the 10 spaces on lease. During this time, tenants approached the city that they did not wish to pay the utilities (water and electric) bills directly and proposed the city to pay those utilities and the city add an extra fee. The city proposed an additional \$30 utilities fee of which all agreed to pay as of April 2023.

The lease agreement includes the additional \$30 utilities fee for each space and making them part of the overall rental fee therefore, the revised rates are as follows:

25'x44' - \$130 per month

25'x65' - \$180 per month

Leases will be for 12 months with all other terms and conditions to remain the same including the liability insurance requirement for premises and any vehicles on the premises.

**DISCUSSION:**

Staff recommends approval. The lease document allows the City Manager to execute individual leases under the prescribed terms with each individual tenant.

**FISCAL IMPACT:**

\$13,680 per year in revenue for the Airport Fund with current 8 leases with a potential of an additional \$3,120 if additional space is leased.

**Fiscal Year:** 2023/2024

**Amount Requested:**

**Budgeted:** Y / N

**Account (s):**

**“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE RESOLUTION NO. 23-1573.”**