



# City Council Report

**Date:** December 9, 2019  
**To:** City Council  
**Through:** Natalie N. Lewis, Deputy City Manager  
**From:** Corinne Nystrom, Airport Director  
**Subject:** Falcon Field Airport – West World War II Hangar Master Tenant Lease  
City Council District No. 5

## Purpose and Recommendation

The purpose of this report is to recommend that City Council adopt the attached Resolution, which authorizes the City Manager, or his designated representative, to execute the Master Tenant Lease between the City of Mesa, Falcon Warbirds Foundation, Inc., and Wings of Flight Foundation, Inc. for the West World War II hangar at Falcon Field Airport.

## Background

The West World War II hangar was constructed in 1941 and was used for the purpose of training British Royal Air Force and U.S. Army Air Corps pilots during World War II. After the war, the U.S. government deeded the airport and the hangar to the City. Since then, the hangar has been leased to several parties. Its primary use has been for aircraft storage. In January 2014, the City leased the hangar to the Falcon Warbirds, LLC for the purpose of storing vintage warbird aircraft. In addition to paying rent, the Warbirds have participated in numerous events to help promote the history of Falcon Field. Their lease expires on December 31, 2019.

## Discussion

Because the City wishes to continue to acknowledge and promote the important role that Falcon Field played in the war effort during World War II, a Notice of Intent to Lease was published (required by A.R.S. 28-8425) to solicit proposals from entities which have the resources to help educate the community about the airport's rich history. Proposals were received from Falcon Warbirds, LLC (now Falcon Warbirds Foundation, Inc.) and Wings of Flight Foundation, Inc. Upon receipt of the proposals, City staff entered into lease discussions with both organizations with the intent of leasing the 20,000 sf hangar, office, and workshop to both parties cooperatively.

Since some of the terms of the Master Tenant Lease differ slightly from the Master Tenant Lease template that was approved by City Council on February 11, 2019 (Resolution No. 11279), it is being brought before Council for approval. These terms

include:

- A discount of up to 25% of the rent will be given if Tenant provides documentation that it participated in a certain number of free public events (averaging 2 per month over one year) which include making the hangar available for tours and aviation education activities and actively participating in City-sponsored events which directly promote Falcon Field Airport.
- Tenant may not rent or sublease any portion of the hangar for profit or charge a fee to anyone who wishes to hold or attend an event at the hangar.
- Landlord will pay for water, sewer, gas, and electric since these utilities are included on the same meter as another City-owned building.
- The Security Deposit is reduced from 2 months of rent to 1 month of rent.
- Landlord will make all structure repairs to the hangar unless damage/repair was caused by the Tenant.

### **Community Impact**

The anticipated community impact will be that Mesa's citizens can continue to enjoy occasional events being held at the historic hangar.

### **Alternatives**

Alternative 1 would be to advertise the hangar for lease to any party interested in leasing it. However, this is the only World War II hangar not currently being rented by an active aviation business. The ability to utilize it to store World War II/Korean War era aircraft and to occasionally showcase the hangar (which is listed on the National Register of Historic Places) to Mesa's citizens will help educate future generations about Mesa's important role during World War II.

Alternative 2 and the recommended alternative is to lease it to the 2 vintage warbird foundations for the purpose of promoting Falcon Field and its history.

### **Fiscal Impact**

The hangar is being leased at fair market value based upon a recent MAI appraisal. After factoring in the 25% discount for the public events, the annual fiscal contribution to the Airport Enterprise Fund will be \$52,755.

### **Coordinated With**

Airport staff coordinated with the Development Services Department regarding the allowed uses for the hangar. Development Services and Mesa Fire Protection have agreed to allow occasional special gatherings inside the hangar with a City-approved safety management plan.