

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2024-40

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING A SUBLEASE AGREEMENT BETWEEN ALEUTIAN AIRWAYS AND THE CITY OF UNALASKA AT THE TOM MADSEN AIRPORT TERMINAL BUILDING

WHEREAS, Unalaska City Code § 7.08.090 states that the City upon determination by the City Council that a particular use or class of uses of a parcel would benefit or compliment a municipal function, the Council may authorize by resolution the lease of such City asset; and

WHEREAS, there exists counter and office space at Tom Madsen Airport Terminal Building that is vacant; and

WHEREAS, the counter space and adjacent office space is dedicated space for commercial airline use; and

WHEREAS, the previous tenant has vacated the leased space and their sublease; and

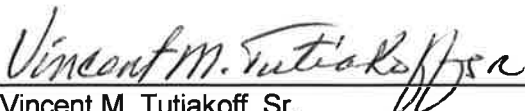
WHEREAS, Aleutian Airways is the only commercial airline at airport terminal building without dedicated ticket counter and adjacent office space; and

WHEREAS, a sublease has been prepared that aligns with the other tenants at the airport terminal building and will be valid until June of 2026; and

WHEREAS; the City of Unalaska sought legal review for this process and this resolution fulfills the requirements of Unalaska Code of Ordinances § 7.08.090.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council authorizes the City Manager enter into a sublease agreement with Aleutian Airways for space at the Tom Madsen Airport Terminal Building.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on September 24, 2024.


Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:


Estkanen P. Magdaong, CMC
City Clerk



MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Peggy McLaughlin, Port Director
Through: Marjie Veeder, Acting City Manager
Date: September 24, 2024
Re: Resolution 2024-40: Authorizing a sublease agreement between Aleutian Airways and the City of Unalaska at Tom Madsen Airport Terminal Building

SUMMARY: Approval of this resolution will satisfy the public process requirement and allow for a sublease to be submitted to the State of Alaska Department of Transportation and Public Facilities for the State's approval. The State is positioned to provide consent for the sublease with a 24 hour turn around.

PREVIOUS COUNCIL ACTION: No previous actions specific to this sublease.

BACKGROUND: The City of Unalaska has historically solicited proposals through a public process for new tenants to occupy vacant space at the Tom Madsen Airport Terminal Building. The ticket counter and office space were built specifically for the airlines to use.

DISCUSSION: Ravn Alaska emerged from bankruptcy under new ownership. There were no commercial airlines flying into Unalaska at the time, and the new Ravn assumed the leased space of the old Ravn Airlines. No other airlines were interested in occupying space at the ticket counter at the airport and Grant Aviation already had an existing sublease.

When Aleutian Airways launched their service in November of 2022, Grant Aviation handled their airport logistics under an operational agreement. Aleutian Airways did not have a sublease of their own at the airport. When Ravn Alaska discontinued service to Dutch in August 2024, Aleutian Airways became the sole provider of commercial service to and from Anchorage. At the same time, Aleutian Airways' operational agreement with Grant expired at the end of the August.

The leasing of municipal land or assets requires some sort of public process. In this case, we are requesting that the City Council fulfill that public process by authorizing the City to sublease airline ticket counter space and office space without going through the RFP process under UCO 7.08.090. The space is dedicated for airlines, ticketing, baggage, and operations. Aleutian Airways has requested specific counter space and some of the office space previously subleased by Ravn Alaska.

There are no other airlines requesting ticket counter and office space and the timing of awarding this lease is critical for continued operations.

The City owns the building and the City must comply with the State's requirement of a State approved sublease. The State must approve the sublease in order for the tenant to operate in that space. We are requesting council to approve this to help fast track the sublease agreement. We cannot afford disruption to commercial air service and proper operating space is critical.

ALTERNATIVES: Council could choose to postpone this resolution and request further discussion; Council could choose to not support this resolution; or Council could choose to have staff pursue additional proposals.

FINANCIAL IMPLICATIONS: This lease will backfill part of the revenue previously paid by Ravn Alaska; and the lease rate will be the standard per square footage rate paid by all other tenants of the airport terminal building.

LEGAL: Staff consulted with the City Attorney, who conducted a legal review for this process and indicated this resolution fulfills the requirements of Unalaska Code of Ordinances § 7.08.090.

STAFF RECOMMENDATION: Staff recommends adoption.

PROPOSED MOTION: I move to adopt Resolution 2024-40.

CITY MANAGER COMMENTS: Aleutian Airways is our only commercial air service, and requires the ticket counter and office space at the airport. I support the Staff Recommendation.

ATTACHMENTS: None.