

COUNCIL MEMORANDUM 97- 42

From: John T. Felton, Public Works Director/City Engineer
Date: June 4, 1997
Subject: Airport Fuel Contract

The City has received two proposals for furnishing fuel at the new airport. One proposal was unsolicited and one was as a result of a meeting with the proposer.

The first proposal is from Service Oil & Gas, Inc. Their proposal is to lease Lot 3 at the full City price for at least five years with three optional five year extensions. They would then build the facility for approximately \$70,000. This money would be advanced by the City with Service Oil & Gas paying the City back at the rate of \$0.05 per gallon of fuel sold. They guarantee to have a twenty-four hour facility open this year.

The second proposal is from Ti-Le-An Management, Inc. Their proposal is to lease all of the area remaining at the airport for fifty years. They would require that they have exclusive rights for fuel sales and distribution for not less than fifty years. The intent of this proposal is to construct "T" hangers on the rest of the lots and then lease them for five year terms.

After carefully viewing both proposals, the administration recommends that the City enter into an agreement with Service Oil & Gas, Inc. Their proposal is for the fuel service only. The Council has seen the need for immediate fuel service at the airport. This firm is in the business of providing fuel as their primary business. We feel that using a primary provider would better serve the City and the users of the airport. Our agreements with the State and the FAA do not allow for any exclusive contracts at the airport.

RECOMMENDATION:

It is recommended that the City Council authorize the administration to negotiate with Service Oil & Gas, Inc. To provide fuel service at the new Wasilla Airport.



John T. Felton
Public Works Director/City Engineer

APPROVED
DATE: 6/9/97
BY: M. HANIS