HURRICANE CITY
UTAH

Mayor
Nanette Billings

City Manager
Kaden DeMille

HURRICANE CITY MUNICIPAL AIRPORT ADVISORY BOARD MEETING AGENDA

Tuesday, March 21, 2023
9:00 A.M.
City Hall Council Chambers - 147 N 870 W

Notice is hereby given that the General Dick Stout Field Airport Advisory Board will hold a Regular Meeting in the City Hall Council Chambers located at 147 N 870 W, Hurricane, UT. A silent roll call will be taken, along with the Pledge of Allegiance and prayer by invitation.

AGENDA

1. Call to Order, Pledge of Allegiance, Prayer
2. Review Minutes from February 21, 2023
3. Discussion and possible vote on adding insurance provision to hangar leases - Dayton Hall
4. Discussion and possible vote on adding personal guarantee to the hangar leases – Dayton Hall
5. Discussion on airport budget – Kaden Demille
6. Request to add an office area to the hangar – Duane Adams
7. Update on AWOS project – Kirt McDaniels
8. New Business
9. Adjourn

Scott Freeman

HANGAR INSURANCE TALKING POINTS

Based on contacting three different aviation insurance agencies.

Definitions

1. **Premises Liability Insurance** – a legal term that often involves an injury or property damage that was caused by dangerous conditions or negligence at a property.
2. **Property Risk Insurance**- provides protection against most risks to property, such as fire, theft and some weather damage. This includes specialized forms of insurance such as fire insurance, flood insurance, earthquake insurance, home insurance, or boiler insurance. Property is insured in two main ways—open perils and named perils.
3. **Municipal Liability insurance -** provides coverage for local governments, such as small towns or counties. It provides protection for liabilities like damage or loss caused by public property, public institutions, or a public official such as a police officer.

Per the insurance agencies contacted, the most common approach involving hangars that are privately owned on land leased from a municipality is a combination of the following:

- the hangar owner to carry a minimum of $1,000,000 Premises Liability Coverage (which it typically included with their aircraft liability policy at no extra charge); and,
- the municipality's provides general liability coverage to protect their interests under their blanket liability policy

There are some instances (not very common) where a hangar owner will opt for additional property risk insurance, but that is only to protect themselves against property loss (similar to home owners insurance). The minimum cost for this insurance is in the $850/year and goes up from there with the size and value of the hangar and its contents. The minimum is mostly due to underwriter costs to create the policy and is not necessarily in line with the insured value.

2/21/23
mtg

March 14, 2023

Airport Board Members:

The attached is my response to the insurance requirements for a **private hangar lease**. Remember these private hangars are not appreciably different than someone that has a separate garage at their home.

Attached is the Insurance portion of the proposed lease. The areas in red are those in question and the areas in blue are my response.

Remember that the private hangar lease is just that: "PRIVATE" and not a business. Please don't make this punitive to the aviation community.

I do not have any specific changes to the **SASO Lease**, however I think that a number of these changes should apply to the SASO lease also.

I would like to have these ideas considered and a motion made at the next airport board meeting, as I will be unable to attend.

I can see the City possibly requiring some sort of liability insurance on the hangar itself; however the City should not try to regulate what we do about our aircraft and vehicle insurance in any way, as it is already regulated by the state of Utah and the FAA.

So much of what is in this lease may apply to a **large air carrier airport**, but not to a small rural airport like Hurricane. Let's not create another level of bureaucracy trying to enforce unreasonable and unenforceable rules.

Remember pilots are one of the most responsible groups of professionals and enthusiasts. They make every effort to comply with rules, regulations and procedures in a professional manner. They have huge investments of time, energy and money to get where they are. They want to protect that privilege by being responsible citizens.

I would like to see a motion made at the upcoming airport board meeting to eliminate the insurance requirements in the private hangar lease and reduce them significantly in the SASO lease.

I know that we need to get a lease approved so that the airport leaseholders can move forward. Hopefully we can resolve this soon!

Thank you for your consideration.

Sincerely
Norman Anderson

Attachment : Lease modifications.

6. **Indemnification, Insurance, and Letter of Credit**

A. Indemnity by Tenant. Tenant agrees to indemnify, hold harmless, and defend City and its officers and employees from and against losses of every kind and character (including but not limited to, liabilities, causes of action, losses, claims, costs, fees, attorney fees, expert fees, court of dispute resolution costs, investigation costs, environmental claims, mitigation costs, judgments, settlements, fines, demands, damages, charges, and expenses) that arise out of or relate to: (i) this Agreement; (ii) any use, occupancy, or operations at the Premises or the Airport by Tenant or Tenant's Associates; or (iii) any wrongful, reckless, or negligent act or omission of Tenant or Tenant's Associates. Tenant shall use attorneys, experts, and professionals that are reasonably acceptable to City in carrying out this obligation. This obligation does not require Tenant to indemnify City and its officers and employees against losses (as defined above) that arise solely from the negligent acts or omissions of City and its officers and employees. The obligation stated in this Section 6.A. shall survive the expiration or other termination of this Agreement with respect to matters arising before such expiration or other termination. These duties shall apply whether or not the allegations made are proven to be true.

B. Waiver. Tenant assumes all risk of the use of the Premises and the Airport, and Tenant hereby knowingly, voluntarily, and intentionally waives any and all losses, liabilities, claims, and causes of action, of every kind and character, that may exist now or in the future (including, but not limited to, claims for business interruption and for damage to any aircraft) against City and its officers, employees, and volunteers arising from or related to Tenant's use, occupancy, or operations at the Premises or the Airport.

Do we actually want to agree to this? What if we have a loss due to the city's negligence?

C. Insurance. At Tenant's cost, Tenant shall procure the following insurance coverage prior to entering the Premises, and Tenant shall maintain its insurance coverage in force at all times this Agreement is in effect:

i. Aircraft Liability with Additional Coverage. Aircraft liability insurance that includes premises liability, and, if applicable, mobile equipment coverage with a combined single limit for bodily injury and property damage of not less than one million dollars ($1,000,000) per occurrence (and one hundred thousand dollars ($100,000) per passenger seat for applicable claims), including, but not limited to, contractual liability coverage for Tenant's performance of the indemnity agreement set forth in Section 6.A. If any such coverage is not available to Tenant in the form of an aircraft liability policy, Tenant shall obtain substantially similar coverage through a commercial general liability policy.

This is unreasonable. Neither the FAA nor the state, require aircraft insurance and neither should the city. Are you going to require all transient aircraft operators to have this coverage in order to land at the Hurricane airport?

ii. Property. All risk property insurance coverage in an amount equal to the replacement cost (without deduction for depreciation) of the Tenant Improvements. Tenant is solely responsible for Tenant's personal property, and Tenant may purchase insurance for Tenant's personal property as Tenant may determine.

This is unreasonable also. The city has no investment in the hangar. If there is a total loss of a hangar it should be at the owners risk.

iii. Automobile. If Tenant drives any automobile other than in the roadways and automobile parking areas at the Airport (including, but not limited to, if Tenant parks an automobile in Tenant's hangar when permitted by this Agreement), comprehensive automobile liability coverage for claims and damage due to bodily injury or death of any person or property damage arising out of Tenant's ownership, maintenance, or use of any motor vehicles, whether owned, hired, or non-owned, of not less than five hundred thousand dollars ($500,000) single combined limit "per accident" for bodily injury and property damage.

Automobile coverage is regulated by the state of Utah and does not need to be regulated by the city. And if the city is going to require this, they need to require it to park at any other city facility also.

iv. Pollution. Tenant is responsible for environmental losses. Any pollution legal liability insurance obtained by Tenant shall comply with the requirements for insurance that are stated in this Agreement. If Tenant engages in self-fueling, Tenant shall comply with City's self-fueling requirements, including, but not limited to, pollution legal liability insurance requirements.

v. Aircraft. Tenant is solely responsible for any damage for any damage to the Aircraft. Tenant shall obtain insurance coverage for the Aircraft as Tenant may determine.

vi. Business Interruption. Tenant is solely responsible for all costs of business interruption, however incurred, and Tenant may purchase business interruption insurance as Tenant may determine.

D. Insurance Requirements. The insurance described by this section have the following requirements:

i. General Requirements. At all times when this Agreement is in effect, Tenant shall maintain in force all required insurance coverage and shall have on file with the City Certificates of Insurance evidencing the same. Such certificates shall provide that coverage will not be cancelled, suspended, voided, or reduced without at least thirty (30) days prior written notice to the City. Ratings for the financial strength of the companies providing Tenant's insurance policies shall be disclosed in such certificates and shall "A- VII" or stronger as published in the latest Best's Key Rating Guide (or a comparable rating from a comparable rating service). If a lower rating is proposed, City may examine the financial strength of the insurance company proposed to provide coverage and may consent to a lower rating in the City's sole and absolute discretion, and City may also require additional assurances from Tenant. All certificates shall be signed by a person authorized by the insurer and licensed by the State of Utah. All policies (except any policies required for worker's compensation or error s and omissions) and the certificates evidencing coverage shall name City and its officers, employees, and volunteers as additional insureds (or in the case of property coverage, City shall be named as a loss payee). Tenant shall provide for a renewal of all insurance coverage on a timely basis to prevent any lapse in coverage. City retains the right to approve any deductibles, and Tenant shall notify City of any material erosion of the aggregate limits of any policy. Tenant's policies shall be primary. Such policies shall extend insurance to cover Tenant's contractual obligations under this Agreement.

This provision goes way beyond reason. There is no reason to have this in the private hangar lease. Also if this is going to be required of the aviation community it needs to be required of everyone that uses any other city facility i.e. streets, parks, city-owned buildings and vehicles parked on city streets.

ii. Minimum Requirements. City's insurance requirements are minimum requirements, and Tenant is responsible to obtain adequate insurance coverage as Tenant may determine. Except as otherwise expressly set forth in this Agreement, Tenant assumes all risk under this Agreement (including, but not limited to, business interruption claims) whether or not insured.

iii. Waiver of Subrogation. Notwithstanding any other provision contained in this Agreement, each of the parties hereby waives any rights of subrogation it may have against the other party for loss or damage from any risk that is covered by insurance (including, but not limited to, claims for business interruption). Each of the parties shall obtain a clause or endorsement providing for such waiver of subrogation in any policies of insurance required under this Agreement.

iv. Terms Subject to Change. City, in its sole and absolute discretion, reserves the right to review and adjust at any time Tenant's required insurance limits, types of coverage, and any other terms applicable to insurance to insure against any risk associated with this Agreement or Tenant's use, occupancy, or operations at the Airport. Among other things, City may review any or all insurance coverage on a periodic basis and in connection with any specific activity or event associated with the Airport or proposed by Tenant.

Unnecessary and harassment of the aviation community. Again, if it is going to be required of the airport community it better be required of all other users of city facilities.

v. Stopping Operations. Among City's remedies, if at any time Tenant's insurance coverage is not in effect as required herein, City may (but is not required to) stop all or any portion of Tenant's operations without liability to City until Tenant fully restores such coverage.

This is unreasonable!

E. Performance Security. City reserves the right to require a performance security in a form and amount acceptable to City upon any material default by Tenant under this Agreement.

This is unreasonable!

---

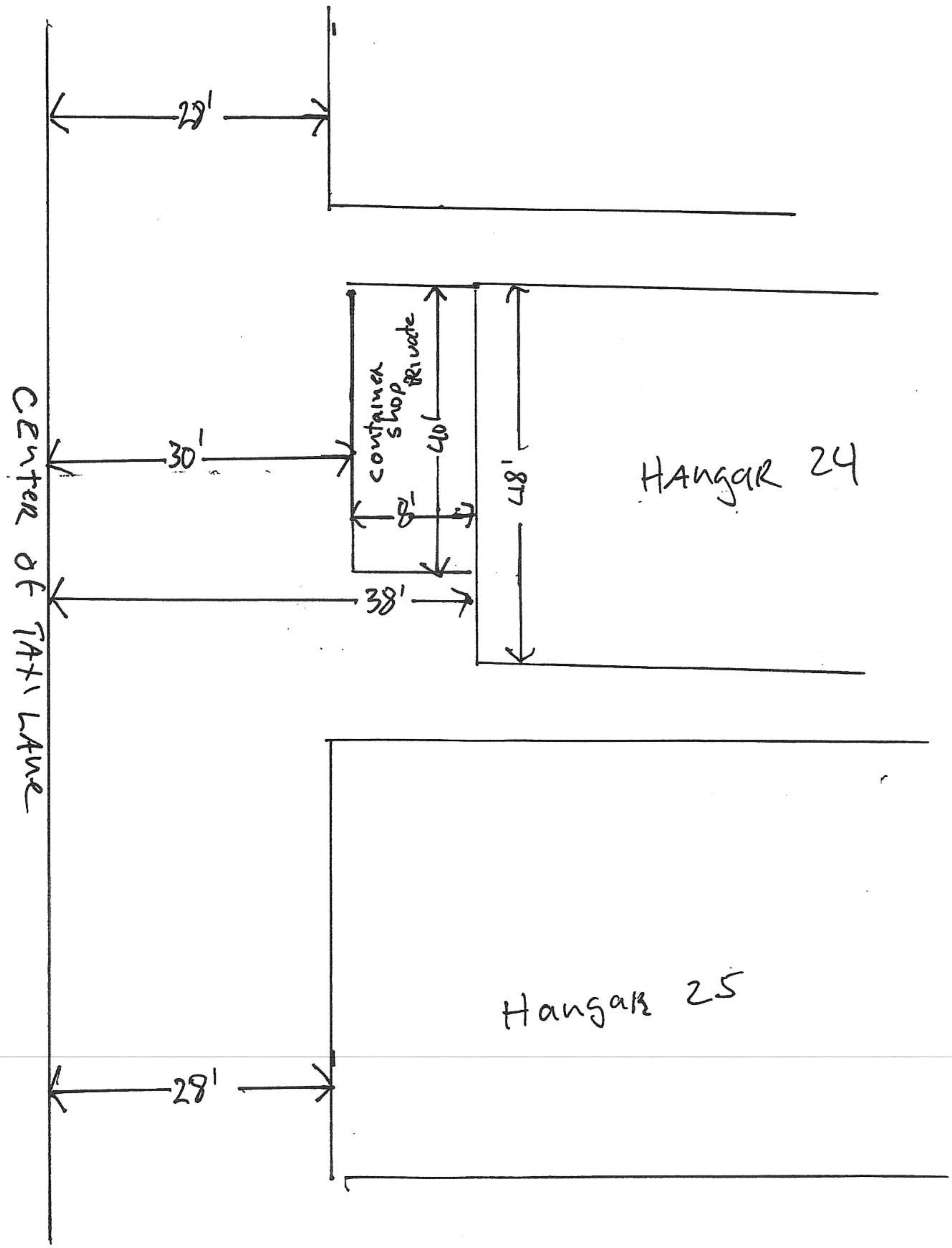
9. Damage, Destruction, and Condemnation.

A. Damage or Destruction of Premises. If any portion of the Premises or the Tenant Improvements is damaged in any manner, Tenant shall promptly remove from the Airport all debris and cause repairs to be made to restore the same to an orderly and safe condition. All work shall be performed in accordance with plans and specifications that are approved by City as being consistent or better that the original improvements, andTenant shall follow City's policies and procedures regarding obtaining building permits as necessary. Tenant shall apply all proceeds that are made available from Tenant's insurance policies (or those of any subtenant or assignee) to performing such work. If City performs such work pursuant to Section 10.B, such insurance proceeds shall be paid to City. If the Premises or Tenant Improvements are tenantable despite such damage, Tenant shall not receive any abatement of Tenant's rent obligations. To the extent that any portion is rendered untenantable by such damage in light of the purposes of this Agreement (as determined by City in its sole discretion), rent shall continue if Tenant has business interruption insurance, or if Tenant does not have such insurance, City shall abate Tenant's rent proportionately until repairs have been substantially completed (as determined by City in its sole discretion).

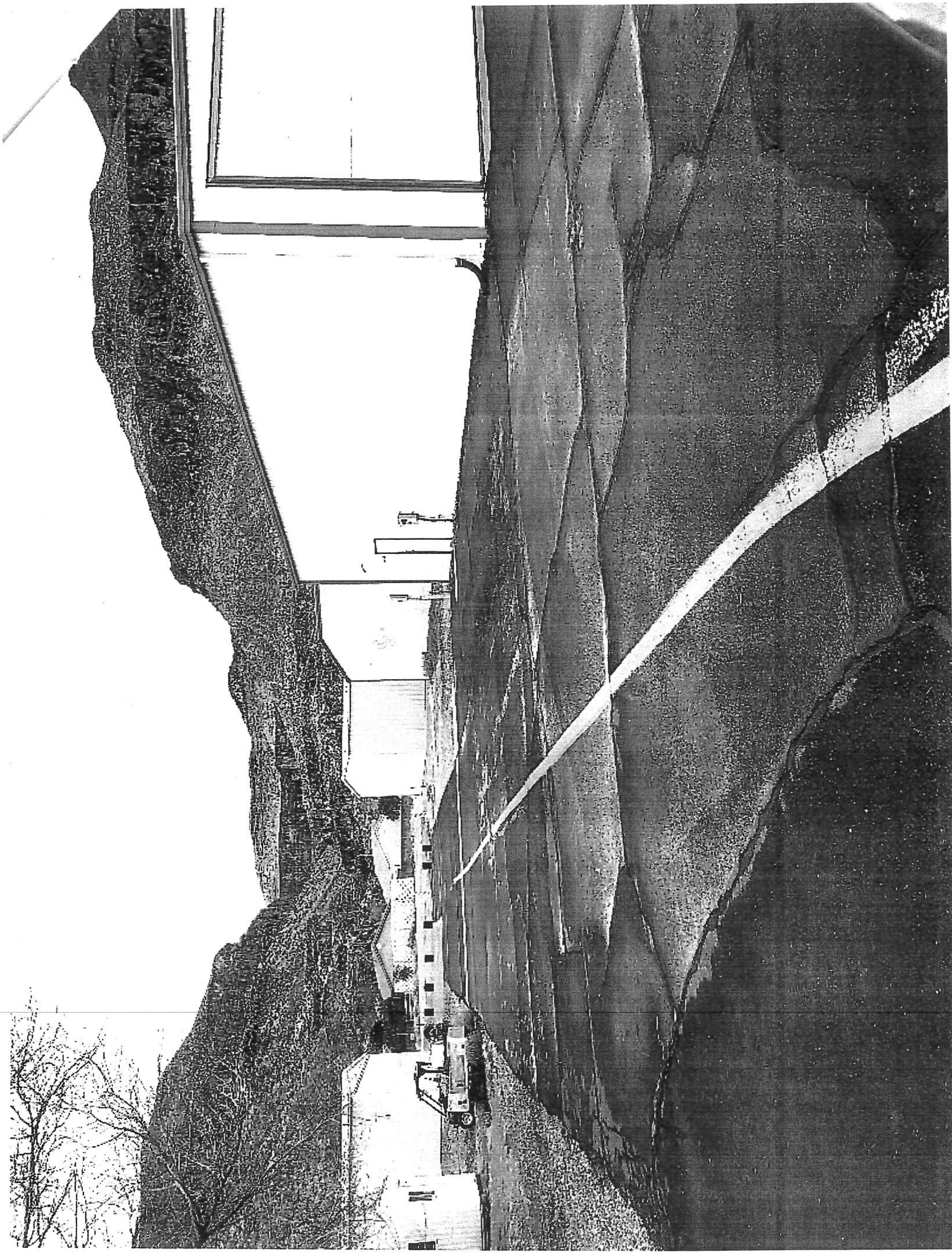
B. Condemnation. In the event of any condemnation proceeding in which all or any part of the Premises is taken (by a condemnor other than the City), all compensation from such proceeding shall be paid to City, except that Tenant may pursue a claim against the condemnor for the value of the Tenant Improvements and Tenant's leasehold interest and any subtenants may pursue a claim against the condemnor for the value of their subtenancy interests. In the event of a partial taking, City shall reduce the ground rent payable by Tenant on a pro rata basis for portions of the premises so taken. If City determines in its sole discretion that all or a material portion of the premises will be (or has been) rendered untenantable as a result of such taking, City may terminate this Agreement by giving Tenant a written notice of termination, and this Agreement shall terminate at time specified in the notice (which shall not be less than thirty (30 days after the date of such notice).

The portion of #9 highlighted in red is unnecessary.

#4



28'
30'
container shop private
40'
8'
48'
38'
Hangar 24
Center of Taxi Lane
Hangar 25
28'



Master Budget Sheet
10-62-100

Date	Living Qutrs	Travel	R and M	Utilities	Fuel	Restrooms	Garbage	Grant Match	Improvements	Grants	
7/1/2022	$11,540.00	$320.00	$10,000.00	$880.00	$344.00	$185.00	$780.00	$49,000.00	$10,000.00		
7/9/2022			($550.00)				($55.05)				
8/1/2022				($59.52)							
8/5/2022			($191.00)				($65.40)				
9/4/2022				($65.72)		($162.50)					
9/12/2022							($65.40)				
9/30/2022				($77.96)							
10/6/2022					($23.38)						
10/14/2022							($65.40)				
10/28/2022			($89.81)	($88.74)							
11/4/2022							($65.40)				
12/2/2022				($71.44)							
12/9/2022							($65.40)				
12/30/2022			($14.23)	($81.48)							
1/6/2023							($65.40)				
10/31/2022								($36,965.00)			
10/27/2022								$47,547.23			
2/3/2023				($62.56)			($65.40)				
2/17/2023			($3,979.00)								
3/3/2023				($78.85)							
3/10/2023							($65.40)	($2,199.99)			