

Mayor and Council Communication

DATE: 02/27/24

M&C FILE NUMBER: M&C 24-0169

LOG NAME: 55FTW TACTICAL AVIATION SERVICES HGR AND GRND LEASE, SITE 21S

SUBJECT

(CD 2) Authorize Execution of a New Hangar and Ground Lease Agreement for Approximately 3,000 Square Feet of Ground Space Including a 3,783 Square Foot Hangar Known as Lease Site 21S with Tactical Aviation Services LLC at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize execution of a new hangar and ground lease agreement for approximately 3,000 square feet of ground space, including a 3,783 square foot hangar known as Lease Site 21S with Tactical Aviation Services LLC at Fort Worth Meacham International Airport.

DISCUSSION:

On February 21, 1984, Cook's Oil Company entered into City Secretary Contract (CSC) No. 13621, (Previous Lease), an unimproved ground lease agreement with mandatory improvements consisting of a 2,500 square foot hangar to be constructed on 3,000 square feet of ground space with a twenty-five (25) year lease term. In September of 1988, City Council authorized a Consent to Assignment of the Previous Lease to Joe W. Gillespie and subsequently, upon City Council approval in May, 2000, Mr. Gillespie assigned the Lease to his family trust J.W. & D.J. First Family Limited Partnership (Previous Lessee) through CSC 26486.

On July 31, 2008, the City and Previous Lessee entered into CSC No. 37382, a renewal of the ground lease agreement for Lease Site 21S (Lease). In consideration for investments in the improvements made to the property, the lease term was extended for an additional fifteen (15) years, for a total of forty (40) years, which expires on February 29, 2024.

On September 10, 2021, the City and Previous Lessee entered into CSC No. 37382-CA1 assigning all its rights and interests in the Lease to Tactical Aviation Services LLC (Current Lessee).

The City and Current Lessee now wish to enter into a new hangar and ground lease agreement that will commence on March 1, 2024, for a five (5) year lease term with one (1) option to renew for five (5) years.

In preparation of the February 29, 2024 expiration of the Lease, a third-party appraiser performed an appraisal on the property to establish current fair market value for the hangar. Upon taking measurements of the two-story hangar facility, the square footage was revised to 3,783 square feet. Annual Revenue generated from the hangar is approximately \$15,888.60, paid in monthly installments of approximately \$1,324.05. Annual Revenue from the ground space is approximately \$1,410.00, paid in monthly installments of approximately \$117.50. Rates are in accordance with the Aviation Department's current Schedule of Rates and Charges and the Aviation Department's Leasing Policy.

All terms and conditions of the lease agreement will be in accordance with City of Fort Worth and Aviation Department policies.

Rental rates shall be subject to an increase on October 1st of any given year, based on the upward percentage change in the Consumer Price Index for the Dallas-Fort Worth Metropolitan area. At no time will the adjusted rate exceed the rate that is current in the Schedule of Rates and Charges. Five-year rate adjustments will be applied to the ground rate starting on October 1, 2029, and every fifth year thereafter. If near the end of the ten (10) year term, (provided the Renewal Term is exercised), a new lease is requested by the Lessee, City will have an appraisal performed by a qualified third-party appraiser to establish the Hangar Rate to equal the then fair market value, for this type of property at airports similar to the type or types of property that comprise the Premises.

Fort Worth Meacham International Airport is located in COUNCIL DISTRICT 2.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation and execution of the lease, funds will be deposited into the Municipal Airport Fund. The Aviation Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

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